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NEWS SUMMARY

GENERAL

Split in Egypt boycott talks

rab Foreign Ministers are eadlocked over the issue of nposing full economic and political sanctions on Egypt, nd will meet again in Baghdad night in a final bid to prevent a serious split among the rab states.

Iraq's Foreign Minister, adoun Hammadi, said delegates had been unable to reach reement, and had decided to spend their talks for 24 hours each Minister could consult s Government.

The move came as Egyptian med forces were put on full ert in response to movements of Libyan troops along eir common border. Page 4

'remier replaced

adio Bucharest yesterday nounced that Prime Minister anea Manescu, 62, of Romania as relieved of his job for what ere called "reasons of health," d replaced by Ilie Verdet, one the Secretaries of the Central mittee.

Kampala threat

he Ugandan National Liberation Front, the main anti-Amin oup, said its troops could take ampala at will, and was holding back only to give civilians d foreigners a chance to ave the capital. The Front so claimed President Amin d fled north with troops. ge 4

eak continues

e Three Mile Island reactor Pennsylvania, where eight nt workers have been exsed to radiation in one of the rst U.S. nuclear accidents, s still letting off radioactive pour into the air yesterday. ck Page

lster blueprint

e New Ulster Political search Group, which draws st of its membership from otestants, has released a bluent for an independent ster. It proposes a U.S. esident-style constitution with w political structures. Page 13

an battle move

e Iranian Government hed more troops to the north stern town of Gonbad Kavus er reports of heavy fighting tween Islamic soldiers and rkoman tribesmen seeking onomy.
n referendum, Page 4

ail reform call

improved prison service h more highly trained staff l fewer prisoners has been led for by the National Association for the Care and settlement of Offenders in evidence to the Committee Inquiry into UK Prison vices.

t wreck found

cue teams yesterday found wreckage of a US. Air Force ntom jet, which crashed on nountain in Wigtownshire, h west Scotland, killing the -man crew.

iefly . . .

ed gang escaped with 000 in a raid on a Securicor in Enfield, London, after eatening to shoot the driver.

aysia's elected king, Tunku ya Petra, died of a heart ck. He was 62.

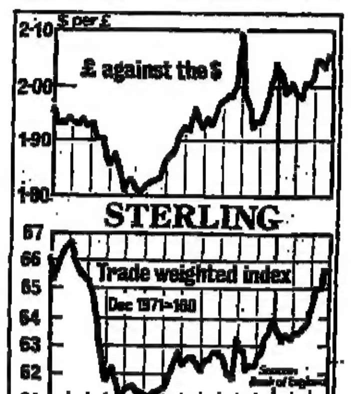
1 and gales brought floodto North East England yeslay. Later the floods were the be receding. Weather, k Page

tralia beat Pakistan yesterby seven wickets in the nd cricket test in Perth.

BUSINESS

Sterling, dollar continue to rise

● STERLING and the dollar continued to advance against most major currencies. The



pound closed at $2.0555. Its trade weighted index rose to 65.7 (65.5). The dollar's trade weighted index was 84.8 (84.7).

● EQUITIES were volatile. The FT 30-share index climbed 19.5 points at one stage but closed only 2.5 higher at 504.8.

● GILTS also reacted to an early surge but the FT Government Securities index closed 1.04 higher at 75.34 for an advance of more than 15 per cent in less than six weeks.

● WALL STREET was up 2.08 at 868.33 at mid-session.

Japanese win bearing appeal

● EEC Commission was last night studying the implications of a European Court ruling in favour of five Japanese bearing makers who contested an anti-dumping levy. Back Page

● BANK of England and the Stock Exchange will investigate the establishment of a central gilts office to handle the bulk of Government stock transactions by computer. Back Page

● ICL, the only significant British computer maker, will increase its software development staff by half. It intends to recruit about 50 graduates in the next few months. Page 10

● MR. J. EDWARD SIEFF, president of Marks and Spencer, is retiring from the Board but will continue to act as an advisor and honorary president.

● TERMS of the first commercial loan to the Bank of China include maturity of 3½ years and a margin over the London interbank rate of ½ per cent. Page 33

● BRAZIL has put a ceiling of $3bn on foreign borrowing by State-run companies for this year. This is $1bn less than they borrowed last year and $800m less than forecast. Page 5

● ROYAL COLLEGE of Nursing is entangled in a row over union recognition in its own offices just a few weeks before it debates affiliation to the TUC. Page 12

● SEARS, ROEBUCK'S entrance to the Samurai bond market with an unsecured issue, the first of its kind, appears to have been a disappointment. Page 33

COMPANIES

● BICC increased pre-tax profit to £56.63m from £47.12m in 1978. Sales were unchanged at £1.12bn. Page 29 and Lex

● LUCAS Industries' pre-tax profit fell to £24.1m in the six months to January 31 from £27.6m. The group's companies in Europe and other overseas areas increased profits by 28 per cent. Page 28 and Lex

HIEF PRICE CHANGES YESTERDAY

ices in pence unless otherwise indicated)

RISES				
as. 12% 1983	£103⅝	+ 1		
heq. 12¼% 1999	£46¾	+ 2		
ine Soft Drinks	169	+ 13		
ocd. Dairies	288	+ 15		
clays Bank	470	+ 15		
s	216	+ 9		
ker McConnell	308	+ 15		
t Midland Allied ress "A"	80	+ 7		
pire Stores	238	+ 12		
rview Ests.	195	+ 7		
C	420	+ 10		
bs & Dandy "A"	50	+ 6		
nd Metropolitan	160	+ 6		
dy (Furn.) "A"	62	+ 7		
ks & Spencer	117	+ 5		
rison (W.)	139	+ 9		
vs International	336	+ 11		
O Defd.	83	+ 5		
d (Austin) "A"	145	+ 19		
tchi & Saatchi	202	+ 15		
Unilever	666	+ 22		
Westminster and Country Props.	37	+ 4½		
Wolseley Hughes	310	+ 18		
BP	1,184	+ 38		
Shell Transport	774	+ 27		
FALLS				
Broken Hill Prop.	755	− 45		
Davenports Brewy.	116	− 9		
Deutsche Bank	£85½	− 5½		
Inchcape	321	− 14		
Lucas Inds.	285	− 13		
Solicitors' Law	46	− 10		
Tiger Oats	500	− 60		
Zenith "A"	72	− 5		
BH South	97	− 10		
Impala Platinum	180	− 16		
M.I.M. Hldgs.	208	− 19		
Oakbridge	94	− 9		
Petaling Tin	215	− 20		
Randfontein	£26¼	− 1½		
Transvaal Consd.	£15	− 3		


Smiles from both sides. Mrs. Thatcher waves as she leaves her home for the Commons. Mr. Callaghan returns to No. 10 Downing Street after seeing the Queen.

Election is on May 3

By RICHARD EVANS, LOBBY EDITOR

THE GENERAL election campaign, widely expected to be the most bitterly fought of recent years, was effectively launched by the Prime Minister yesterday, although polling will not take place until Thursday, May 3.

Mr. Callaghan outlined a number of themes based on inflation, jobs, industrial relations and the modernisation of industry, when he made a television broadcast last night, confirming the date of the election.

These will be the issues on which he will campaign to stay in office.

He was in buoyant mood, following the dramatic one-vote Government defeat on Wednesday night, and his visit to Buckingham Palace yesterday to advise the Queen on the dissolution of Parliament.

The choice of May 3, confirmed by the Cabinet, will mean urgent legislation next week as polling will coincide with local government elections in England outside Greater London, and in Wales. This will not be opposed by the Conservatives.

The election timetable, announced in a statement from 10 Downing Street, means that Parliament will sit until next Wednesday to complete vital business, including a brief finance Bill, dissolution will follow on Saturday week, the new Parliament will be summoned to take the oath on May 9 and the Queen's Speech opening the new session will be on Tuesday, May 15.

> Parliament sits until next Wednesday, with dissolution on Saturday April 7. The last day *for postal and proxy voting applications* is April 19, while the last day for nominations is April 23. On May 3, local election polling hours will be extended by one hour each end to be the same as those for the Parliamentary election, 7 a.m. to 10 p.m. The new Parliament will be summoned on Wednesday May 9, with the State Opening on Tuesday May 15.

Mrs. Thatcher, the Tory leader, had pressed for the earliest possible election date of April 26.

Tory peers were protesting last night at the list of nearly completed Bills that Mr. Michael Foot, Leader of the Commons, wants to see on the statute book before the dissolution.

The signs are that Labour leaders want to launch the formal election campaign on April 9, which will give virtually a four-week campaign, a week longer than usual.

They believe the longer the campaign, the more opportunity

Continued on Back Page
Parliament, Page 13. Politics Today and Editorial Comment, Page 26

EEC may soon consider curbs on exports from Japan

BY GUY DE JONQUIERES AND GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission believes that the EEC might ... consider retaliatory curbs on selected Japanese exports this year unless Japan does much more to reduce its trade surplus with the Community in the next few months.

That is a main conclusion in a confidential report stating that the EEC's policy of using "reasonable persuasion" to get Japan to redress the trade balance has so far largely failed.

It blames partly the intractable national character of the Japanese, whom it describes harshly as "a country of workaholics, living in what Westerners would regard as little more than rabbit hutches" who have only recently emerged from a feudal society.

It suggests that the Japanese should be given until the World Economic Summit, which they host in Tokyo next June, to prove that they are genuinely committed to cutting their surplus with the EEC. That was estimated at $6·4bn (£3.1bn) last year, up from $5.2bn in 1977.

Failing results, the Community might consider retaliation. If put into effect, that could aim to cut Japanese exports without triggering a world trade war.

A decision to impose trade restrictions on Japan could not, of course, be taken by the Commission alone but would have to be approved by the Council of Ministers. Unless the trade deficit with Japan grew dramatically worse, several EEC countries, particularly West Germany and Denmark, might resist the idea.

> Curbs could hit cars and electrical goods, Page 6
> Editorial comment, Page 26
> Europe court ruling hits move against dumping, Back Page

The Commission recognises that the trade war flashpoint might be difficult in practice to distinguish, since EEC trade barriers might lead to a big diversion of Japanese exports to the U.S. and intensify protectionist measures there.

It believes, however, that the risks of damaging the world trade structure through such action ... smaller after completion of the General Agreement on Tariffs and Trade (GATT) world trade negotiations, expected in the next few weeks.

It is the first time that the Commission has explicitly envisaged systematic sanctions against Japan since the start in 1976 of its campaign to correct the imbalance.

The report, intended to provide a framework for the EEC's longer-term policy towards Japan, was discussed by the 13-member Commission before Herr Wilhelm Haferkamp, the External Affairs Commissioner, left for official talks in Tokyo

It suggests that the EEC is close to exhausting the possibilities available through bilateral negotiation and holds out little hope that Japan will significantly improve its disappointing offer in the GATT trade talks. It is possible, of course, that the document was drawn up partly in the belief that its wider publication might prod Japan into further last-minute concessions.

It does not identify specific Japanese products against which restrictive measures might be taken, although it notes that Japan's export effort is highly concentrated in a few sectors.

It says that a reduction in exports offers the only guarantee of a substantial, lasting correction of the surplus.

Partly the Commission fears that U.S. companies, helped by the recent dollar depreciation, will become more successful than EEC exporters in the Japanese market.

Another big obstacle is Japan's obsession with limiting its dependence on external sources of supply.

£ in New York

—	March 28	Previous
Spot	$2.0495-0505	$2.0495-0505
1 month	0.47-0.42 dis	0.42-0.38 dis
3 months	0.79-0.74 dis	0.74-0.69 dis
12 months	2.20-2.05 dis	2.35-2.20 dis

Bundesbank raises interest rates

BY GUY HAWTIN IN FRANKFURT

THE BUNDESBANK, West Germany's central bank, yesterday raised key interest rates in a move to guard against excessive credit expansion and limit the room for price increases in the economy.

At the same time, it decided on a technical increase in banking system liquidity to compensate for the recent substantial outflows of capital from Germany caused by the strengthening of the dollar.

Following yesterday's meeting of the Bundesbank's central council, the discount rate was raised to 4 per cent from 3 per cent, and the Lombard rate—at which it lends to commercial banks against the collateral of securities—was increased to 5 per cent from 4 per cent.

However, in a bid to restore liquidity taken out of the banking system this year by capital outflows, the overal rediscount quota—the maximum level of trade bills which commercial banks can rediscount at the central bank—was raised to DM 27bn (£7.07bn) from DM 22bn.

Dr. Otmar Emminger, President of the Bundesbank, said that in increasing the discount rate the central bank aiced to check the excessive increase in bank credit and money supply, as well as limit the room for price increases.

The stocking up of the rediscount contingency allowed the banks increased possibilities of refinacing of the central banks extensive decline in liquidity resulting from foreign exchange outflows, he said. This, in turn, would reduce the taking up of Lombard credit.

The Bundesbank's move was welcomed by the West German Government, in strong contrast to its reaction to the central bank's measures in January o cunrb money supply growth and inflation.

Then a ½ per cent rise in the Lombard rate and a 5 per cent increase in minimum reserve requirements was carried through against Government advice. It was felt in Bonn that the time was not ripe for such measures and that they could set bac kthe recovery for small to medium sized companies.

However, yesterday an official Government spokesman warmly welcomed the Bundesbank's decision's. He said that the central coucil had taken effective measures which would not jeopardise the current economic upturn through liquidity restrictions.

Dr. Emminger laid heavy emphasis on the seriousness and dimensions of the swings in capital movements. In the final three months of last year West Germany's foreign exchange reserves had risen by DM 12bn. This had been nearly matched by a DM 9bn outflow so far this year.

CONTENTS

For latest Share Index 'phone 01-246 8026

Shares react from peak: gilts buoyant

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STOCK MARKET euphoria about the prospect of a Tory election victory was short-lived yesterday. Early sharp gains in equities were cut to only small rises by the close, although the gilt-edged market remained buoyant.

The FT 30-share Industrial Ordinary Index rose sharply at the opening of business as share prices, especially of major companies, were marked up in response to the overnight news.

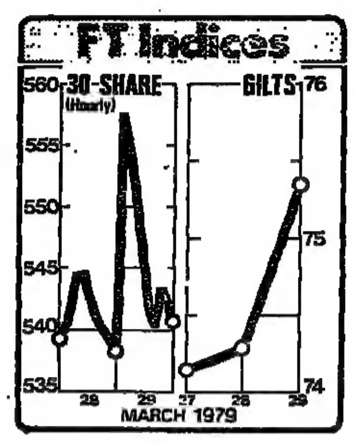
By 10 am, the index was 19.5 up at 557.8, which was an all-time high. The previous record was 549.2 in September, 1977.

However, this level was not sustained. Significant profit-taking built up after a rise of *43 points since the middle of* last week. Consequently the index fell back steadily, ending only 2.5 up at 540.8.

The sharp rise in equities over the last week has been concentrated in stocks of companies such as GEC and Unilever, whose earnings would provide for larger dividend payments if permitted. This reflects hopes that a new Tory Government would end dividend controls.

Similarly, expectations that exchange controls on investment overseas might be liberalised have led over the past fortnight to sharp falls in the dollar premium—the premium paid for purchases of foreign currency in the investment currency market.

The nominal premium—82½ per cent in mid-March—dropped six points to 50 per cent at one stage yesterday. But in active trading — possibly linked with renewed interest in U.S, stocks on Wall Street—the premium recovered to close unchanged at 56½ per cent. This is equivalent to an effective premium of 23 per cent. for



overseas transactions.

Tory leaders are pledged to ease exchange controls but they have been careful not to suggest any timetable or order of priorities.

The gilt-edged market remained firmer than equities yesterday. Early gains of three points in long-dated stock were only trimmed back to rises of about two points at the close of business. The FT Government Securities index rose by 1.04 yesterday to 75.34, an increase of 4½ per cent since the middle of last week.

Sterling was also very strong, in particular against the main Continental currencies, but also against a generally firm dollar. The pound rose 60 points against the U.S. currency to $2.0555, while the trade-weighted index, calculated by the Bank of England against a basket of currencies, rose 0.2 to 65.7, its highest level since February, 1978. This represents an appreciation of 3.8 per cent in the last seven weeks.

Plans for another gilts office to be probed and Lex, Back Page

Short Finance Bill likely to defer tax cut

BY ELINOR GOODMAN, LOBBY STAFF

PARLIAMENT WILL debate a short Finance Bill on Tuesday which will be rushed through the Commons to allow taxes to be collected at their present rate until a new Government is elected.

The effect of this Bill is expected to be to defer the implementation of the automatic indexation of personal tax allowances until the new Chancellor presents his Budget in June.

Mr. Denis Healey, the Chancellor, will on Tuesday announce the Government's intention of proceeding with the tax cut. But he will say that, because of the election, tax codings will not be adjusted until after the full Budget in June. The changes will, assuming the new Government agrees (and the Tories support the principle of indexing tax allowances), be backdatead to the start of the financial year. This compromise will avoid the need to change tax codes twice within a couple of months.

Continued on Back Page

EUROPEAN NEWS

Rupert Cornwell, in Rome, examines the mood of Italy's Communists, whose congress starts today

The cost of responsibility without power

THIS MORNING, in Rome's Palazzo dello Sport, Sig. Enrico Berlinguer will deliver the Secretary's traditional report to open the 15th Congress of the Italian Communist Party. But the mood will be a far cry from three years back. Then, as now, Italy was facing general elections, and the PCI was widely tipped to emerge as the largest force in the new Parliament.

In the event, though, the "Sorpasso," overtaking the long-ruling Christian Democrats, did not happen, although the Communists won an unprecedented 34.4 per cent of the popular vote, just four per cent less than their rivals. Since then its fortunes have steadily ebbed. The unnatural arrangement whereby the PCI lent first its abstention, then its explicit support to a *minority government collapsed* in January, amid disillusion and recrimination.

The West's largest and most closely watched "Euro-Communist" party is on the defensive, unsure of itself and its strategy of the "historic compromise" with the country's Catholic forces. It still can boast just under 1.8m paid-up members, but in 1978 the number dropped by almost 24,000. At regional and local elections it has lost ground, and the assassination of Sig. Aldo Moro deprived the PCI of the one Christian Democrat the Communists could deal with.

The central committee meetings which thrashed out the 130-page policy platform document, to be approved by the Congress, are said to have been marked by strong argument, particularly over the section dealing with the PCI's strategy in Italy, and by implication the leadership of Sig. Berlinguer.

It was in response to all these pressures that Sig Berlinguer pulled his party back into Opposition, in the full knowledge that a general election would almost certainly follow. And although the PCI denies it, the congress is bound to be in part a giant launching rally for the campaign and exert a strong unifying effect there might otherwise not have been.

Whatever the disappointments of the last three years, and the PCI's meagre achievements, and whatever the confusion among militants and rank-and-file over the role of what has been described by Sig Berlinguer himself as a party "of struggle and of Government," the broad goal of the historic compromise officially remains.

Leaders of the party insist that it has never seriously been *questioned, despite the Right-*wing swing of the Christian Democrats and their refusal to countenance the idea even of "camouflaged" Communists in Government, like prestigious independent Left-wing Parliamentarians like Sir Altiero Spinelli, former Commissioner *in Brussels, and the Cambridge-*educated economist Sig Luigi Spaventa, both elected in PCI lists.

The historic compromise as a formula was coined in the aftermath of the bloody end of the Allende Government in Chili, in 1973, which convinced the PCI that the price which Italy might have to pay for a purely Left-wing, Communist-dominated Government would be too high. But it was in a sense no more than an extension of party policy since the war, when Sig Palmiro Togliatti, back from exile in Moscow, ruled out a violent and revolutionary path to power.

The public attitude of party leaders is that having waited for 35 years, the PCI can afford to wait a little longer to achieve its aims. "It is a long process, which has its high points and its low points. Now, obviously we're at a low point," says Sig Achille Occhetto, of the PCI directorate, and held to be on the so-called "Left" of the party.

Sig. Enrico Berlinguer: Communist fortunes at polls uncertain.

The return to Opposition obviously implies sharpening of the attack on the Christian Democrats. Similarly, the unions, of which the largest, the CGIL, is Communist-dominated, have already taken a more aggressive stance—and not just over the laborious negotiations for new 1979-81 wage contracts, but over a whole sweep of social issues.

But Sig Occhetto, like Sig Berlinguer, insists that the PCI's opposition will be responsible and constructive.

True, the idea of the "Left alternative" or Popular Front government is again being pushed by some sections of the party, dismayed and disgusted by what they see as Christian Democrat intransigence and failure to observe the spirit of the understanding reached under Sig. Moro. But even in the unlikely event that the combined Left does gain ground at the election, two difficulties at once arise.

First, relations with the Socialists are prickly, after the aggressively independent line of the PSI Secretary Sig. Bettino Craxi, which had been laced with swingeing ideological attacks on the Communists. Secondly, the new direction and fundamental reforms that Italy needs are probably too big to achieve without all-party agreement.

Thus, the continued relevance of the historic compromise. But in a sign of the party's nervousness at being tarred with the brush of a permanent ineffectual coalition, Sig. Adalberto Minucci editor of the party's *political and cultural weekly* Rinascita, has emphasised recently that the compromise did not imply the entry of Communists into government to maintain a discredited status quo, but all-party agreement to change it.

Even so this policy of working for reform within the system has been hard to defend to militants. Sig. Ochetto argues that the post-1976 period has marked an advance, in that for the first time in 30 years the PCI was within the Parliamentary majority, and had a *hand in drawing up the last* Government's programme.

But it is not an easy case to make out. Like the British Liberals, the PCI won that fatal combination of responsibility without power. It lost the benefit of opposition, without getting its hands on any real new levers of power.

The confusion is not helped by the growing debate over the concrete model of society at which the PCI should aim. Sig. Berlinguer has dubbed it the "third way," between the obvious inefficient collectivism of the Soviet Union and the Social Democracies of Northern Europe. Thereafter, though, all is vague: the third way will respect the Communists' commitment to preserve a pluralistic free democracy, and sees an important role for private property. The latest jargon phrase of "a planned economy via the market" does not clarify matters.

The congress will see a further small step away from the past with the removal from the statutes of Article Five insisting on the Marxist-Leninist outlook of all members. But international events have again focussed attention on the Communist stance.

In East West terms it remains committed to the EEC, Italy's place in the Atlantic Alliance and to work for detente. But over the recent hostilities in South East Asia the PCI, clearly if uneasily sided with Russia and Vietnam. A major article in *the party paper L'Unita did* not so much as mention Hanoi's takeover in Cambodia, while criticising the Chinese expedition into Vietnam. In doing so of course it laid itself open to charges of moving back towards the Moscow laager.

Every sign is however that the PCI's basic position is not at risk. The party has precipitated elections as the lesser of two evils, but the underlying Italian problem will remain. It may well be that the Christian Democrats and their allies do well enough to form a Government without either Socialist or Communist aid.

But there is no reason to suppose that in Opposition the PCI will not again start to regain strength. The new torrent of scandals, the relentless decay of social and public services, and the loss of leaders like Sig Ugo La Malfa only underline how hard it may be to evade the dilemma of the Communist demand: either in opposition or Government.

Malta still seeking safeguards as UK quits bases

BY GODFREY GRIMA IN VALETTA

ON THE stroke of midnight on Saturday Malta and Britain will finally sever their links as the island's military bases are ceremoniously closed down after many years of use by Britain and NATO. The last company of British commandos will set sail for home.

Amid Government-sponsored celebrations stressing Britain's complete military departure from here after a stay lasting 180 years, the Union Jack will be lowered over the Grand Harbour for the last time to be replaced by Malta's red-and-white flag.

Although the closure of the bases does not have the same significance as independence in 1964 which the former Prime Minister, Dr. George Borg Olivier, negotiated with Britain, it does crown the career of Mr. Dom Mintoff, the present Prime Minister. For more than 20 years now, since his plans to integrate Malta with Britain fell through, his policies have been almost exclusively directed at turning Malta into a neutral state capable of earning her needs without depending on foreign military expenditure.

When in 1971 his Labour Party was returned to power the status of Britain's military presence on the island was renegotiated. At the end of bitter and protracted negotiations a seven-year military facilities agreement was signed allowing Britain and NATO to make use of Maltese bases until *1979 for an annual rent payment* of £M14m (£17m).

Politically the closure of the bases will not make much difference to Malta, but it does mean that Malta will need to find new means of safeguarding her security. This is an argument on which the Government and the Opposition Nationalist Party, which is a strong political force in the country, differ.

Mr. Mintoff feels that the island could safely maintain her neutral role if France, Italy, Libya and Algeria were to guarantee her security. With France and Italy refusing to be involved, the Nationalist Party believes that security guarantees should be sought exclusively from Western Europe.

In economic terms the closure of military bases will mean the loss of an annual M£28m (£35m) in total revenue for the island. Already the Government is planning to run a budget deficit of M£28m by December and this could have a telling effect on the rate at which the island's developing economy will grow. In an effort to create some degree of self-reliance Mr. Mintoff's Government has committed itself to building expensive trans-shipment facilities, ship-building schemes and new industrial projects.

Mr. Mintoff's search for economic aid to tide Malta over for the next five years has been anything but successful so far with France, Italy and possibly Algeria making it clear the demands are difficult to meet. The *only possible* provider remains Libya which is anxious to ensure Malta will never return to the NATO fold.

Mr. Mintoff no doubt realises the dangers of having to depend

Prime Minister Dom Mintoff: crowning his career.

totally on a single source for economic assistance, particularly Libya. The Government and the Opposition are totally divided on this issue. The Nationalists insist Malta's economic needs should be discussed with Western Europe. Recently Dr. Fenech Adami the Opposition leader announced that once in power his party would immediately take Malta into the EEC. "Judging by how Ireland has fared we're certain to do well." Dr. Adami told an interviewer recently, shortly after returning from Germany and Brussels where the venture was preliminarily discussed.

Ford calls off lock-out at Valencia plant after talks

BY ROBERT GRAHAM IN MADRID

FORD HAS decided to end the "indefinite" lock-out which began on Wednesday at its Almusafes plnat, near Valencia. The plant is due to open today.

This latest move in more than two months of industrial unrest follows a meeting yesterday between the Ford management, Ministry of Labour officials and the trade unions.

There are differing versions as to why Ford has changed its stance so quickly. On Wednesday a management statement said the plant would only be reopened when assurances had been received from the unions on a resumption of normal production without interruption.

Yesterday, a Ford statement said that such assurances had been received. However, a spokesman for the main union involved, the Communist-controlled Confederation of Workers Commissions, said that the Ministry of Labour felt the lock-out unwarranted and had suggested that the best way to get the two sides back to the negotiating table was to end it.

The union spokesman said no specific assurances had been given to the management on ending the policy of "non-co-operation" instituted in mid-February. The union understanding was that negotiations would first resume on the fate of the 13 people—five of whom were members of the negotiating committee — sacked by Ford at the beginning of the week.

Chirac renews his attack on government policies

BY DAVID WHITE IN PARIS

M. JACQUES CHIRAC, the Gaullist leader, returned to the attack yesterday against French Government policy on three fronts: the economy; foreign affairs; and law and order.

Outlining the stand of his RPR party in the run-up to the European parliamentary election, he accused his Giscardian allies in the Government majority of trying to "steam-roller Gaullism."

M. Chirac made clear that he would not, as he proved in an emergency unemployment debate earlier this month, go so far as voting the Government down in the National Assembly. But he made equally clear he considered Gaullist support for the Government to be merely an expedient for keeping the Left out of power.

Socialist advances in the departments, he said, showed that the Left, united or disunited, was still gaining ground. The elections led to M. Chirac himself being displaced as council chairman in his rural Correze department.

M. Chirac, due to be reconfirmed as leader at the party meeting, hit out against "the resignation of authority in the face of violence, laissez-faire attitudes in the face of economic stagnation and the danger of France being put under the tutelage of her European partners."

Switzerland moves slowly towards UN membership

BY JOHN WICKS IN ZURICH

THE SWISS Government is preparing a draft resolution on membership of the United Nations, for presentation to Parliament.

Both houses of Parliament called on the coalition Federal Council more than a year ago *to present as soon as possible* a motion on whether the country should join the UN.

It will take some considerable time before any further move can be made on the matter, in spite of the Government's decision in 1977 that membership would be "desirable." Preparing the report and resolution will take about a year, after which Parliament will have to debate it and a date decided for a referendum.

Government and Parliament will be wary of putting the matter to the vote too soon for fear of the negative effect of a referendum motion being rejected.

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EUROPEAN NEWS

Violence, bank affair puts Andreotti under pressure

BY PAUL BETTS IN ROME

\ FRESH outburst of political 'iolence and growing alarm ıver the Bank of Italy affair 'ombined yesterday to exert 'dditional pressure on the ragile government of Sig. iiulio Andreotti, the Christian)emocrat Prime Minister.

As he prepared to present his .ew government to Parliament ormally list night, a Christian)emocrat provincial councillor, ig. Italo Schettini, was shot ead in Rome by left-wing Red :rigades terrorists.

At the same time, Sig. Filippo 'andolfi, the Treasury Minister, resided over an emergency ıeeting of the Government's redit and savings committee.

They reviewed the develop-ıents and posible repercussions f the charges issued at the 'eekend against Dr. Paolo Baffi, ıe Governor of the Bank of .aly, and the arrest of a central ank deputy director-general in ›nnection with judicial in-uiries into one of Italy's major ıemical groups, SIR.

Against this unsettling back-round, the new coalition ›vernment of Christian Demo-'ats, Republicans and Social emocrats is widely expected › be defeated at the end of the ›nfidence debate which started -st night.

Already, the two main left-ving parties, the Communists ıd Socialists, have said they 'ill vote against the Govern-ıent.

The new administration has ;so divided the Christian 'emocrats, in particular, as a

Sig. Giulio Andreotti: presenting a fragile coalition.

result of Sig. Andreotti's deci-sion to exclude Sig. Rinaldo Ossola and Sig Romano Prodi, the two so called "technocrat" Ministers of his previous administration.

While Sig. Andreotti's govern-ment could theoretically squeeze through the confidence debate, thanks to the votes of the small Liberal Party and the right-wing National Democrats, the Social Democrats have said that, in such an event, they would withdraw from the Government.

The National Democrat Party was recently formed following a split within the neo-fascist MSI party.

At the same time the death of Sig. Ugo la Malfa, the Repub-lican leader who had been nominated Deputy Premier and Budget Minister, has further up-set the precarious balance of forces of the coalition Govern-ment.

Senator Bruno Visentini, chairman of Olivetti and a former Finance Minister, was nominated yesterday to take over the Budget portfolio in place of Sig. La Malfa.

Although President Sandro Pertini could try to make a last-ditch attempt to avoid the dis-solution of Parliament, an early general election, probably tied to the European polls in June, is now regarded as practically inevitable.

Indeed, all the main parties already appear geared for an electoral confrontation. In the case of the Christian Democrats, an imminent reshuffle in the party's leadership is expected. This is likely to entail the appointment of two additional deputy secretaries-general in an effort to smooth out existing divisions within the party so as to present a united electoral front.

The political climate has been particularly exacerbated by the charges issued against the deputy director-general and the governor of the central bank. The latter has now been ques-tioned by magistrates in connec-tion with allegedly irregular loans granted to SIR.

Turkish strike banned

By Metin Munir in Ankara

THE TURKISH Government yesterday declared illegal a controversial four-day strike planned by lorry drivers, artisans and shopkeepers.

News of the planned strike came shortly after Mr. Suley-man Demirel, the Turkish opposition leader, had been proclaiming that Prime Mini-ster Bulent Ecevit would meet the fate of Sr. Salvador Allende, the late Chilean leader. Despite the un-popularity of the Govern-ment's recent austerity measures, this jibe about Sr. Allende has apparently back-fired.

The Turkish army, it seems, resents being compared with its Chilean counterpart and objects to the implication that it would carry out a coup with foreign backing. And when news of the planned lorry drivers strike came, Mr. Ecevit was quick to maintain that its purpose was to dis-credit his government, and to compare it to the lorry drivers strike which preceded the overthrow of Sr. Allende.

The Government decision to ban the strike was taken at a two-hour Cabinet meet-ing yesterday. A statement after this said that Turkey, faced with problems at home and abroad, was in more need than ever of national unity.

"The purpose of those who incite the shopkeepers, arti-sans and drivers is not to protect their professional interests. On the contrary, their purpose is to use the unions' members for their partisan ends."

Mr. Husamettin Tiyensan, the leader of the Federation of Lorry and Cab Drivers, who is an MP for Mr. Demirel's Justice Party, claims that the strike is in protest at new fare increases which fall short of the 90 per cent rise in petrol prices

PROBLEMS OF THE SOVIET SUCCESSION

Brezhnev sets a long-term course

BY DAVID SATTER IN MOSCOW

IF Mr. Leonid Brezhnev, the Soviet President, dies in office, his death is not likely to be fol-lowed by the major policy changes which followed the deaths of Lenin and Stalin and the removal of Nikita Khrushchev.

More than any of his pre-decessors, Mr. Brezhnev has sought to strengthen the role of the Communist Party in Soviet life and his permanent legacy may well prove to be a self-perpetuating bureaucratic elite whose uniformity of aspirations and outlook will guide Soviet behaviour no matter who exer-cises ultimate control.

Attention has focused again on the possible consequences of Mr. Brezhnev's death following the news that a planned visit to Moscow this week by Presi-dent Valery Giscard d'Estaing, of France, had to be cancelled at 48 hours' notice because Mr. Brezhnev had a severe attack of influenza.

Mr. Brezhnev has had periods of ill-health before but this was the first time his health prob-lems caused a visit to Moscow by a major foreign leader to be cancelled at such short notice.

If he should die while still in power—and there are no signs that he has any plans to retire—the individual most likely to be named by the ruling politburo to succeed him is Andrei Kiri-lenko (72). He has been a politburo member since 1962 and is a man whose ties to Mr. Brezhnev go back more than 40 years to the days when they were local party chairmen in the Ukraine.

Mr. Kirilenko deputises for Mr. Brezhnev when the latter is ill or on holiday and he has ultimate party responsibility for the operation of the Soviet economy. He has represented the Soviet Union on trips abroad and, despite his age, is believed to be in good health.

What Mr. Kirilenko's accession would mean in policy terms is impossible to predict because, as is the case with other polit-buro members, almost nothing is known of his independent views.

He moved up in the Ukrainian party apparatus in much the same way as Mr. Brezhnev. Between 1950 and 1955 he was head of the Dnepropetrovsk regional party committee, a posi-tion Mr. Brezhnev held before the war and in which he drew the attention of the then Ukrainian party leader, Mr. Khrushchev.

Once the politburo has chosen a new general secretary of the Communist Party, the choice must be confirmed by a vote of the party central committee, which has about 270 members. Their approval is not a foregone conclusion (the central com-mittee overturned a politburo decision to remove Mr. Khrush-chev in 1957) but in the event of the death of Mr. Brezhnev, there appears little likelihood the committee would object to Mr. Kirilenko.

Mr. Brezhnev gained support for himself and his policies by ruling by consensus and guaran-teeing tenure of office. Only five politburo members have been dropped in more than 14 years since the accession of the Brezhnev-Kosygin "collective leadership," and in most cases those demoted were removed for being too ambitious, out-spoken or obstructive.

Those who showed caution in the politburo held their posts and this new found job security for Soviet party leaders was reflected in the central com-mittee. Almost 90 per cent of the members at the 25th party congress in 1976 were re-elected to posts they held at the 24th party congress in 1971, a sharp contrast with the high turnover under Khrushchev and Stalin.

There has been speculation that Mr. Brezhnev's predilection for promoting his supporters, old cronies, and family members —including most recently his son, Mr. Yuri Brezhnev, who was promoted to the post of First Deputy Foreign Trade Minister—had engendered enough resentment to affect the succession process.

It appears more likely, how-ever, that in a society where high party leaders are richly rewarded with material privi-leges and access to goods, the central committee members are more than willing to support the continuation of the Brezh-nev era which Mr. Kirilenko's accession would probably repre-sent.

The only other probable successor to Mr. Brezhnev at present is Mr. Konstantin Chernenko, who was elected to the politburo last December. Mr. nev's key administrative aid, and, although almost nothing is known of his views or person-ality beside the fact that he is a poor speaker, he too has long standing ties to Mr. Brezhnev dating back to the latter's tenure as Moldavian party chief in the late Stalin era.

Promotion for Yuri, the President's son

BY OUR MOSCOW CORRESPONDENT

MR. YURI BREZHNEV, son of the Soviet President, has been promoted to the position of First Deputy Minister of Foreign Trade.

The appointment was not formally announced but Mr. Brezhnev's new title was listed along with his signature under an article on Soviet foreign trade published in Pravda, the Communist Party newspaper.

Mr. Brezhnev, who was one of several Deputy Foreign Trade Ministers, now seems set to succeed Mr. Nikolai Patolichev, the present Minister, if the latter decides to retire. Mr. Patolichev has been reported to be in poor health.

Mr. Brezhnev formerly worked as head of a Soviet foreign trade organisation and as a commercial representative in Scandinavia. In both jobs he gained the reputation of having a drinking problem.

The son-in-law of the elder Mr. Brezhnev is also the holder of a high Government post. Mr. Yuri Churbanov, husband of Mr. Brezhnev's daughter, Galina, is Soviet Deputy Minister of Internal Affairs.

Reuter adds: A Russian who died when a bomb strapped to his waist exploded in the U.S. embassy on Wednesday night is said to have had a police record and a history of mental illness.

Mr. Yury Vlasenko, 29, from Ordzhonikidze in the northern Caucasus is reported to have spent six months under observa-tion in a Moscow psychiatric hospital last year.

Izvestia, the Soviet Govern-ment newspaper, accused U.S. officials yesterday of giving a false version of the events lead-ing up to Vlasentio's death.

The newspaper said a U.S. consular official had invited Vlasenko into the mission in the first place.

Pinto moves to liberalise banking

BY JIMMY BURNS IN LISBON

EETING FOR the first time nce President Antonio Ramalho anes reaffirmed his support for : Carlos Mota Pinto's premier-ıip, the Portuguese Cabinet has ıthorised a decree regulating ıe establishment of private vestment companies.

According to a Cabinet state-ent, the companies are defined ; "parabanking institutions." hey will be entitled to grant ıedium-term and long-term 'edit, to promote investment ıd to participate in the shared ıpital of Portuguese companies.

The law is based on a draft 'esented to the Finance 'nistry by the Bank of Portugal .t summer. Its authorisation, anned for last month, was layed because of the Govern-ent's difficulties with Parlia-ent over the budget proposals.

Authorisation of private investment companies is the first major step to liberalise the largely state-owned banking system which has been taken by a Portuguese Government since before the revolution five years ago. The companies will be as free to act as the nationalised banks, except that they will not be permitted to accept short-term deposits. This is a sop to the defenders of the socialist constitution which reserves the banking sector for state enter-prise in principle.

The investment companies are expected to act in most respects as merchant banks, filling a vacuum for medium-term and long-term finance. They will be expected to concentrate on small and medium private concerns which are suffering from the effects of recession.

The companies will be count-ing on the support of foreign banks. Among financial concerns to have anticipated the decree is a financial services company (MDM) set up last year with the Portuguese industrialist Jose Manuel de Mello, Deutsche-bank and Morgan Guaranty as equal partners. MDM has re-ported an encouraging response from the private sector, indicat-ing the need for such an insti-tution.

The decree is expected to stir up controversy when it is sub-mitted to Parliament for debate and could be amended. The Cabinet announcement was greeted yesterday with angry headlines in one of Lisbon's leading pro-Communist dailies, which claimed that the Grovern-ment intended to break the nationalised banking system.

Tourist boom for Cyprus

By Our Nicosia Correspondent

ΥPRIOT FOREIGN exchange rnings from tourism last year ached a record Cyprus£33.3m '45.6m) representing just over per cent of all Cyprus :ports, according to Mr. A. ndronikou, Director-General the Cyprus Tourism organ-ation. Earnings from tourism 1977 stood at Cyprus£23.8m.

Mr. Andronikou told a press nference that 1978 was a year "remarkable achievements" r Cyprus tourism and the tar-ts set in the Government's onomic plan had been far ceeded. Cypriot hotels hieved very high occupancy tes.

Tourist arrivals reached 2,000, a 43 per cent rise over 77.

Bourse strikers evicted

BY TERRY DODSWORTH IN PARIS

POLICE MOVED into the Paris Stock Exchange yesterday to flush out striking clerks who have staged an office sit-in for the past two weeks.

The order for the police action, which was carried through peacefully, was given by the Paris Tribunal, with the object, it said, of helping to bring about a speedy resumption of negotiations between the clerks and the stockbrokers.

Some meetings were held late yesterday, but little progress was made towards resolving the dispute, which began about a month ago.

Some 2,500 employees are involved in the strike, which has led to a minimal quotation ser-vice on the Bourse.

The employee's original demands were for higher pay-ments, after a period of big pro-fits on the Stock Exchange because of the increased activity last year. But these have been followed by demands on security of employment as a result of plans to reorganise the broking profession.

The length of the strike is now beginning to cause some anxiety in industry.

M. Rene Monory, the Economics Minister, went so far as to suggest recently that if activity on the Bourse was strangled much longer, it would have a damaging effect on the present industrial recovery, which will depend on finding new funds.

OVERSEAS NEWS

Baghdad deadlock on Egypt boycott

BY ROGER MATTHEWS IN BAGHDAD

ARAB FOREIGN Ministers are deadlocked on the bitterly argued issue of imposing full economic and political sanctions on Egypt, and will meet again tonight in a final effort to prevent another serious split among the Arab States.

Mr. Saadoun Hammadi, Iraq's Foreign Minister, said the delegations had been unable so far to agree on a total boycott of Egypt, and had decided to suspend their talks for 24 hours so that each Minister could consult his Government.

Mr. Hammadi yesterday named Saudi Arabia as the country most firmly resisting a full boycott of Egypt.

Until a decision has been reached on Egypt, the Ministers would not move on to the proposals for action against the U.S. which had played a critical role in the Egyptian-Israeli peace treaty, Mr. Hammadi said. These proposals included a boycott "on oil, trade and petro-dollars."

A crisis in the three-day session of Foreign and Economic Ministers developed on Wednesday night when Syria, Libya and the Palestine Liberation Organisation walked out of the talks in protest at its "failure" to take really tough measures against President Anwar Sadat's Government. The three delegations returned to the conference hall yesterday.

Without the full participation of Saudi Arabia—Egypt's largest financial backer during the past decade—any economic boycott of Egypt would be relatively ineffective.

Other oil-producing Gulf states, which have also provided Egypt with substantial funds, are likely to take their lead from Saudi Arabia, although Kuwait has outwardly adopted a much more hostile attitude towards Mr. Sadat.

The Saudi position was made clear yesterday in two statements and in private conversations. Saudi Arabia has agreed to implement the decisions of the Arab summit meeting in Baghdad last November. These called for suspending Egypt's membership of the Arab League, moving Arab League headquarters from Cairo, and imposing a boycott on Egyptian institutions, citizens and companies dealing with Israel.

Prince Saud al-Faisal, the Foreign Minister, has insisted that the Baghdad meeting of Economic and Foreign Ministers is no competent to go beyond the decisions reaced by the heads of state last November.

The Saudis sharply rebuked Palestinian factions which had accused them of abandoning the Palestinian cause, and recalled that "the traitor (Menahem) Begin" considered Saudi Arabia to be Israel's number one enemy.

Ranged in opposition to the Saudis are the Iraqis, Syrians, Palestinians, Libyans and Algerians, but it is still unclear whether the yare willing to push their demands to a point where the meeting would end in total disarray.

Cairo forces on full alert as Libyans move

CAIRO—The Egyptian armed forces have been put on full alert in response to troop movements by Libya along their common border, the Defence Ministry in Cairo said yesterday.

Western diplomats confirmed that the military had been put on full alert and added that troops and armour had been moving towards the western desert for the past four days.

President Sadat said in Washington on Tuesday that the Libyans were moving troops towards his border and that Syrian aircraft had been flown to Libya in recent days.

In Peking, Arab students stoned the Egyptian embassy yesterday and grappled with Chinese troops in a demonstration against the Egyptian-Israeli peace treaty.

More than 100 unarmed Chinese soldiers linked arms and tried to push back the students. One student and one soldier were slightly hurt.
Reuter

Our Cairo Correspondent reports: President Anwar Sadat arrived in Bonn yesterday to seek West German support for Egyptian development. His request comes as an embarrassment to the West Germans who would prefer to contribute through the European Community rather than directly.

West Germany is providing Egypt with DM 310m a year in aid and finds great difficulty in allocating it. Since 1972 Egypt has received about DM 2,000m from West Germany and still has to spend DM 660m.

Earlier calls by Egypt for $15,000m from the U.S., West Germany and Japan appear to have been trimmed to a more realistic $6,000m, perhaps in the light of clear indications from Washington that the U.S. has no intention of doubling its current aid level

In Washington, General Kamal Hassan ali, Egypt's Defence Minister, said the Carter Administration had agreed to provide Egypt with F-4 fighters, Hawk missiles, warships and advanced air defence systems.

High Court rejects Bhutto pleas

By Chris Sherwell in Islamabad

WITH THREE days left before he can be hanged, Pakistan's condemned former Prime Minister, Mr. Zulfikan Ali Bhutto yesterday lost his legal battle to win a stay of execution. Minor demonstrations afterwards led to 12 arrests.

In one of a string of decisions the High Court in Karachi dismissed habeas corpus petitions seeking Mr. Bhutto's release. The petitions said he had been granted bail before being arrested on the murder charge of which he was eventually found guilty.

The High Court also dismissed a petition challenging the position of the Chief Justice of the Supreme Court, Mr. Justice Anwar-Ul Haq. The petition was brought by Mr. Bhutto's close associate and former Finance Minister, Mr. Abdul Hafeez Pirzada.

Mr. Pirzada contested a martial law order affecting the terms of office of the country's senior judges, but the High Court made no decision. This leaves the matter with the Supreme Court, where a similar challenge is pending. The outcome could affect both Mr. Bhutto's trial and his appeal.

Iranian polling certain to confirm Islamic republic

BY SIMON HENDERSON IN TEHRAN

THE PEOPLE of Iran go to the polls "In the name of God" today to vote in a referendum on the establishment of an Islamic republic. The five-word reference to the Almighty appears at the top of each ballot slip but is an almost needless injunction—the vote is expected to be overwhelmingly in favour.

What is not so clear is the percentage turnout of the electorate of 12m. Revolutionary fervour has diminished, at least in Tehran, to the point where even some of those in favour are wondering whether to bother to vote. Ayatollah Khomeini has declared it a national and religious duty, but there is no official coercion.

The dangers of the vote are that it will aggravate the divisions in Iran. Like elections in the time of the Shah, a huge majority may prove an embarrassment later. Comparatively small but still significant groups are threatening to boycott the ballot.

For liberals and the left the statement on the voting slip "to change the former regime to an Islamic Republic whose constitution will be ratified by the people" is no real option. Also the various ethnic minorities, Kurds, Turkomen, Baluchis and Azerbaijanis, want their own rights respected in the future constitution. The Sunni minority in Iran's 90 per cent Shia Moslem majority, is likewise anxious.

Campaigning has been comparatively slight. Radio and television have carried exhortations and posters and banners have gone up in Tehran. But with the five-day holiday of the Iranian new year only just ended, the preparations were mostly last-minute. At the beginning of the week the voting age was declared to be 16 after protests from the young at the previous limit of 18. Polling stations (often segregated between sexes) were designated two days ago and ballot papers were still being printed four days ago.

The Government has now declared that there will be two days of voting. The result, according to an electoral official, will come after another 15 days.

Still to be settled in the coming months are: the method in which the new constitution will be drawn up, how members of the representative assembly will be chosen, whether these people or the whole electorate will ratify the constitution and how a President will be chosen.

Fighting by Kurds and Turkomen in the last two weeks has shown the fragility of national unity and the role played in this fighting by left-wing guerrillas was also a threat to the authority of central Government. The forces supporting Khomeini are without doubt the strongest but the army is in disarray because of desertions. Even in Tehran, women's groups, the left-wing guerrillas and their radical Islamic counterparts, are capable of making a formidable political showing by peaceful demonstrations alone.

Aside from the Mosque and the revolutionary militiamen, no significant political institution has developed since the revolution last month. The political parties of the Shah's era are discredited and their membership rarely goes beyond the few individuals in their leadership. With oil revenues cut and the economic future uncertain, Iran is without a stable framework from which to embark on the next stage of its political evolution.

Amin 'flees' as guerrillas close in on Kampala

DAR ES SALAAM—Ugandan insurgents said yesterday their forces could capture Kampala at will, and said President Idi Amin was fleeing north with convoys of troops.

A statement issued by the Ugandan National Liberation Front (UNLF) said the invading guerrillas—who are backed by Tanzanian forces — had the nearby Entebbe International Airport at their mercy.

Earlier in the day, President Amin's beleaguered Government said Tanzanian forces were 10 miles from Kampala and four miles from Entebbe.

The UNLF statement said: "Kampala would, and will, fall into our hands at our will. We are giving enough time for innocent citizens and foreigners to leave Kampala."

It added that President Amin was heading for the north after fighting between his fellow Nubians in the armed forces and "true Ugandans."

In one of these battles last Tuesday, at Bujoko, west of Kampala, anti-Amin units captured four tanks, an armoured personnel carrier and a Land Rover, according to the UNLF statement.

It called on Ugandan soldiers "still trapped in Amin's army of death and destruction to join their countrymen and hasten the elimination of Idi Amin and his mercenaries."
Reuter

Our Foreign Staff adds: The streets of Kampala were reported largely deserted yesterday, as residents awaited a final drive on the capital by the Tanzanian-backed rebels who are now close to the southern suburbs.

In telephone conversations with Nairobi, residents said a series of explosions had rocked the city throughout the night. Uganda radio said this was Tanzanian shelling, but residents said they could see no signs of damage. They suggested Amin's own men were setting off the explosions to dramatise his pleas for Libyan help to save his regime.

Hundreds of residents were reported to be fleeing the capital. Some foreign embassies were reported to have followed the example of the United Nations and be making evacuation plans.

Strike costs Tazara rail line $1.27m

LUSAKA — The Tanzania-Zambia railway authority (TAZARA) which links landlocked Zambia to the port of Dar es Salaam, in Tanzania, lost about $1.27m because of an eight-day strike.

General Kingsley Chinkuli, Zambian minister of power, transport and communications, disclosed this yesterday when he indicated that he was prepared to discuss the cases of the dismissed employees on an individual basis.

He said: "Further illegal strikes on the part of workers can only accentuate difficulties for Tazara which is already suffering quite severe losses."

Two weeks ago, more than 3,000 Tazara workers on the Zambian side went on strike. Several thousands tons of Zambian imports and exports were stranded as workers refused to go back to work until their salaries were increased.

Fifty of the workers, described as ring-leaders, were sacked at the end of the strike. Tazara is said to have suffered a loss of about $2.5m for the last six months of 1978.
AP-DJ

Japan names summit date

By Richard Hanson in Tokyo

THE Japanese Foreign Ministry announced yesterday the summit meeting of major industrial states will take place in Tokyo on June 28 and June 29.

Participants will include the heads of state or Government of Canada, France, Italy, Japan, the United Kingdom and the United States. The EEC will also be represented.

The first preparatory meeting before the summit was held in Tokyo last week. Another meeting is due on May 17 in Washington.

Vietnam statement

BANGKOK — Vietnam has admitted the presence of its troops in neighbouring Cambodia, for the first time.

The official Vietnam News Agency said Mr. Nguyen Duy Trinh, Foreign Minister, had told the Hanoi correspondent of the French Communist Party newspaper L'Humanite, that "Vietnam has agreed that Vietnamese armed forces assist the Khampuchean people in defending their country."

Confirmation of their presence came from Kampuchea last week.

Yemens 'agree on unity' to end border feuding

KUWAIT — The Presidents of North and South Yemen, whose countries have been fighting border wars for more than ten years, agreed yesterday that unification is the only way to resolve their running feud, according to a high-ranking South Yemeni official.

The official, who refused to be identified, told the Associated Press the agreement was reached at the third session of a reconciliation summit here after Abdul Fatah Ismail, President of Marxist South Yemen, proposed that the North Yemeni President Ali Abdullah Saleh become head of the proposed united Yemen.

The official described the offer as a "gesture of good will designed to remove fears and suspicions on the part of the North Yemenis." The two Yemens, on the tip of the Arabian peninsula overlooking the Red Sea, fought their most recent border war last month.

President Saleh reportedly accepted the offer as "evidence of an end to differences and hindrances on the path to unity," which has evaded the two nations for more than a decade despite repeated efforts at federation.

The official said a communique on the agreement was expected to be issued shortly and he predicted that a provisional government would be formed soon to supervise the merger.

The South Yemeni President was quoted as assuring Saudi Arabia, which together with the U.S. has supported conservative North Yemen, that a united Yemen "will represent a new strength for all states in the region."

But President Ismail warned that "there will be no stability short of achieving unity," according to the official in the South Yemeni delegation.
AP

CARTER AND THE TEAMSTERS

Threat to pay guidelines

BY JOHN WYLES IN NEW YORK

'RESIDENT CARTER acknowledged for the first time yester-ay that it may be impossible to ustain his voluntary incomes olicy if the present trucking ndustry negotiations result in settlement which breaches the ay restraint guidelines.

The President's remarks, at a neeting with business leaders t the White House, focused in ne sharpest terms the crisis acing the Administration's nti-inflation policy.

The trucking industry's resent three-year contract xpires at Midnight tomorrow. he indications are that the pay lks, at an Arlington, Virginia, otel, are deadlocked over the eamsters' demand for a higher ttlement than the guidelines ould allow.

There now appears only a im possibility that the Council on Wage and Price Stability, the guardian of the guidelines, will relax its interpretation of the pay regulations to clear the way for an agreement.

Within the next 24 hours, it should become clear whether the union will call strike action early next week if the current contract expires without a settlement.

The President said at the White House that, if the Teamsters' pay talks produced a large pa yincrease, "I don't think it will be possible for us to sustain the voluntary 7 per cent guidelines."

He went on o reaffirm that he woul dnot seek legislaion to impose mandatory pay and price controls, and implied that the alternative method of combating inflaion which may have to be faced would be "a deliberate recession."

Mr. Carter was appealing for support from a group of 18 top businessmen including Mr. Reginald Jones, chairman of General Electric, and Mr. Thomas Murphy, chairman of General Motors.

It would be surprising if the group did not voice their concern about recent remarks from the Administration, notably by Mr. Alfred Kahn, the President's chief inflation fighter, suggesting that last year's fourth quarter corporate profits were embarassingly high at a time when the Government was seeking restraint from unions.

Mr. Carter apparently told the businessmen that he had no objection to high profits but they could not be accommodated if they stemmed from "excessive" price increases.

He also said that while the largest U.S. corporations had apparently complied with "the technical elements" of the price *restraint guidelines*, many medium and smaller-sized businesses had not done so.

Mr. G. William Miller, chairman of the Federal Reserve Board, gave his views on the profit controversy yesterday and asserted that in real terms corporate profits were moderate.

They should be seen as an advantage and indicating that the economy was ready to step up capital investment, he added.

He claimed that among members of the Administration responsible for financial affairs there was a "pro-profits" attitude.

Peruvian copper workers return

LIMA—Workers at the Toquepala copper mine in Southern Peru have gone back to work, abandoning a two-week strike for more pay.

The stoppage cost Peru some $2m a day in lost export revenues but the 2,000 men had returned to their jobs "without conditions," the company said. Workers at the ILO smelter were expected to end their strike shortly.

The military government *apparently* broke the strike by dismissing 55 union officials in Toquepala, Cuajone and the ILO smelter.

Toquepala's workforce had returned for fear of losing their jobs after a Government threat of more dismissals. Agencies.

***AP reports* from Buenos Aires: Leaders of six political parties have urged President Jorge Videla to renounce the "totalitarian" attitude of his military régime and an economic policy "opposed by nearly all national sectors."**

They have asked the President to use his State of the Union speech to announce legalisation of political parties and unions, and to disclose how and when "democratic rule will be restored."

House authorises $4.8bn for NASA programmes

WASHINGTON—The House of Representatves passed legislation authorising $4.8bn for the National Aeronautics and Space Administration (NASA) but only only after beating off an attempt to stop funds for continued research on supersonic transports.

It also agreed to a request to provide $185m in supplemental funds this year for continued work on the space shuttle.

The vote on the authorisation Bill, which will provide funds for fiscal 1980, was 323-57. It came after the House decisively rejected an amendment to delete $22.7m in research and development funds requested by NASA for work on supersonic transports, or SSTs.

The amendment was rejected on a 137 to 246 vote, with Republicans lining up overwhelmingly against the proposal. Only 18 Republicans supported the amendment compared to 123 against it.

Democrats split more evenly on the issue, with 119 voting in favour of the deletion and 123 opposing it.

The funds for the SST are not for actual construction but only for research on problems that supersonic flight presents. Only one commercial supersonic aircraft—the British-French Concorde—is in operation. The U.S. has no programme actually to develop a commercial SST.

A large chunk of the funds in the authorisation Bill will go to the space shuttle, scheduled to make its first orbital flight into space in late 1979.

The legislation provides $1.4bn for research and development of the shuttle and another $28m for construction of facilities.

The funding includes $27m for development of a fifth shuttle orbiter—an option the Carter Administration opposes. AP

Oil boost for Mexico

MEXICO CITY — Mexico, with proven oil reserves of 41bn barrels, could go beyond its estimated 200bn barrels potential with the recent dis*covery of new fields*, Pemex, *the State oil corporation* said.

The corporation expects to obtain an accurate assessment of Mexico's oil in four years, Sr. Jesus Chayarria, assistant exploration manager, said.

Sr. Jorge Diaz Serrano, Pemex director, said one of the most promising new finds was the Campeche oilfield, in the Gulf of Mexico, scheduled to start production in May.

Reserves are estimated at about 5bn barrels and by the end of 1979 it will produce 200,000 barrels a day (b/d).

Prospective drillings have indicated the existence of a *major deposit, with more than 1,000 metres of oil-impregnated* rock, Sr. Diaz Serrano said. Generally, 100 metres is considered a good figure, as in the north sea, he added.

The Chicontepec field, in Central Tampico-Miantla State, was one of the biggest deposits in the Western Hemisphere, with estimated reserves of 106bn barrels and a projected commercial output of 17.64bn. 1.8m b/d in December. Reuter

Simon hopeful for Argentina

BEUNOS AIRES—Mr. William Simon, the former U.S. Treasury Secretary, has said Argentina's economic policy was correct, and that, given time, it would reduce inflation to a reasonable rate.

Argentina was badly in need of capital investment to develop its infrastructure, but this would not come until confidence in the economy was restored, he added.

Positive factors for Argentina included its approaching self-sufficiency in energy, self-sufficiency in food, low unemployment, and a well-educated population, Mr. Simon said. Reuter

Brazilians limit foreign borrowing

BY DIANA SMITH

HE BRAZILIAN Government is placed an absolute ceiling of bn on foreign borrowing by ate-run companies in 1979.

This sum is $1bn less than the mpanies borrowed abroad in '78, and an $800m reduction on e original loan forecast.

The Government, deeply conrned by indications that flation swelled by 6 per cent March, bringing to 15 per cent e rate for the first quarter of 79, has declared its intention a blitz on inflation and overpansive money supply.

Tighter controls on foreign rrowing by the State-run mpanies will both diminish is factor in public spending d cool the influx of foreign rrency, which in 1978 pushed money supply by 41.2 per nt, while the cost of living se by 40.8 per cent.

The Government has also creed a new cut in public spending, following a $2bn reduction in the Federal Budget last month.

About $350m has now been pared from the Economic Development Fund, used to cover outlays in education, road and rail transport, and energy. The main source of funds for this comes from fuel tax.

Since the authorities maintain that food prices had the heaviest effect on March inflation, Sr. Karlos Rischbieter, the new Treasury Minister, has threatened middlemen or retailers who indulge in price speculation with prison.

Heavy floods in the north-east, and drought in the south earlier this year disrupted food supplies, and wholesalers are *known to have fixed exhorbitant* prices.

This week's cuts and borrowing ceilings are not the Government's final word in the fight against inflation. Senior officials have hinted at further efforts to reduce foreign borrowing by the public or private sector in the months to come.

Brazil's economic minority has admitted in public for the first time that if public expectations remain inflationary, it may be impossible to avoid a recession.

This week's OPEC price increases will add $400m at least to Brazil's annual imported crude bill, bringing it close to $5bn.

This makes a trade surplus virtually impossible in 1979. Without this surplus, the balance of payments, $6bn in the red in 1978, will become still worse.

St. Kitts, Nevis, Anguilla future to be decided soon

BY DAVID TONGE

HE FUTURE of St. Kitts, evis and Anguilla could be deied in the next nine months a *result of* last week's talks constitutional matters in ndon.

The Foreign Office now says at the islanders of St. Kitts id Nevis have agreed to disss proposals put to them by the British Government and to reply expeditiously "with a view to resolving the outstanding constitutional issues by the end of the year."

An announcement on the future of the Anguillans, who are in the unique position of wishing to regain colonial status, is expected later this week.

IEW YORK CONVENTION CENTRE

Wonder of the world —or white elephant

BY CAROLE KORZENIOWSKY IN NEW YORK

ITHIN the next few weeks e New York State legislature expected to approve a Bill thorising construction of a ummoth 1.8m-sq-ft convention ntre in New York City on the e of a former railway yard the bankrupt Penn Central. iyor Edward Koch and other y officials have billed it as he largest economic developent project in New York City recent years." Critics fear at it may turn into the gest white elephant of the cade.

Governor Hugh Carey is forming an advisory council to speed several large construction ojects in the state, including convention centre. The uncil will be headed by his isted adviser, Mr. Felix G. haytyn, senrior partner at zard Brothers and former airman of the Municipal sistance Corporation, which iyed a key role in shaping w York City's response to fiscal difficulties.

As this response has involved wing power from City to ite government, it is no nder that Mayor Koch's relans with *Mr. Rohaytyn* are netimes less than cordial. yor Koch is said to look upon Governor's sudden flurry activity with some distrust.

Nevertheless, New York City l surely soon join the 70 or American cities which have ked their futures to the conntion trade by building what market wants. It needs a st expanse of sheltered space h all exhibition facilities at und level to reduce the costs d time involved in setting up d dismantling, it needs meet rooms for several separate nventions, restaurants and, in eral cities, a theatre or sports dium thrown in for good asure.

Ironically, many were ginally planned to lure some the trade from New York. e City is already the preed haunt of conventioners in the U.S. Last year drawg a record 3.75m delegates o pumped about $600m into local economy while attendg some 875 conventions. The nvention crowd plays a large le in tourism, which some ople call New York City's stest growing industry, and in accompanying hotel boom iich has gripped the City durg this past year.

Supporters of the new centre im that the City's old centre Coliseum—is antiquated. ilt in congested midtown and on several levels, it is particularly unsuited to big trade shows where large, bulky machinery, is displayed.

But the principal argument for construction is aptly expressed in a report drawn up last April by the Department of City Planning. To put it briefly, *the facility*, smaller at that stage than the one now being proposed, was expected to create directly and *indirectly* about 17,000 new permanent jobs and to generate a total of about $50m annually in tax revenues, half for the City and half for New York State.

In New York City one of the strongest objections is based on *past experience as expressed in the planning report*: "The city's track-record in undertaking major economic development projects is not an impressive one. The Yankee Stadium renovation was estimated to cost $25m, the final total exceeded $100m and promised community improvements were eliminated. In the late 1960s the city spent millions to modernise the Chelsea Piers for break-bulk cargo at a time when most ports were shifting to containers. The piers now stand vacant."

The "stadium spectre," as one official called it, has become a political weapon for the Republican majority in the State legislature where the convention centre must be approved. The original New York City plan proposing shared fiscal responsibility by city and State has been scrapped. The new legislation, introduced by Republicans, will vest all of the responsibility in New York State and create an independent governing authority whose Board of directors will be largely chosen by the governor.

The total cost is estimated at $375m to be raised through the issue of tax-ememept bonds with the debt to be serviced by New York State to the tune of about *$25m* a year. *In addition*, like many other convention centres, the centre is expected to to operate at a loss of from $2m to $4m annually which the State would cover.

Some observers worry that the convention centre will not produce the benefits that are expected from it and will instead become another burden to the taxpayers. One of these observers is State Comptroller Mr. Edward Regan whose own estimate of the annual debt-service cost to the State is $10m to $15m higher than the official $25m.

Japanese vehicle sales to Common Market rise 13.9%

TOKYO—Japan's exports of assembled vehicles rose in February by 5.8 per cent to 341,293 from 322,583 in January but fell 12.8 per cent from 391,391 in February last year, the Japan automobile Manufacturers' Association said.

The February exports comprised 244,926 passengers cars, down 6.5 per cent from a year earlier, 94,581 trucks, down 25.8 per cent, and 1,786 buses, down 8.9 per cent.

Shipments of assembled vehicles to the U.S. fell 9 per cent to 158,243 from 168,402 in February last year. Combined exports to the EEC rose 13.9 per cent to 66,616 from 58,460 a year before, with those to West Germany up 127.2 per cent to 16,973 and those to Britain down 20.8 per cent to 19,689.

Exports to Australia fell 18 per cent to 11,691 from 14,254 a year earlier, while those to Saudi Arabia fell 48.4 per cent to 12,316 from 23,848 in February last year.

Meanwhile Japan's colour television exports in February rose 58.2 per cent to 256,920 sets from 162,395 in January and were five per cent up from 244,588 in February 1978, the Japan Electronic Industries Association said.

Exports to the U.S. rose by 64.7 per cent to 71,399 sets from 43,346 in the previous month but were down 36.2 per cent from 111,883, exported in February 1978, it said.

Reuter

Ship lines buy back 36 vessels

TOKYO—Japanese shipping lines have bought back 36 vessels worth $597m (£300m) as part of Japan's emergency import programme, the Transport Ministry has announced. The vessels had been under charter to overseas subsidiaries and affiliates of the shipping lines.

The total value is just under the Ministry's original estimate of $650m for this item under the emergency programme to reduce Japan's trade surplus.

The programme has allowed Japan's Export-Import Bank to lend dollars from Japan's external reserves for emergency imports.

Reuter

EEC curbs could hit cars and electrical goods

BY GILES MERRITT IN BRUSSELS

MOTOR CARS and electronic goods are the two "most sensitive" sectors of Japanese exports to the EEC, according to the European Commission's confidential report on the possibility of imposing curbs.

The internal Commission document does not outline the precise *forms of retaliatory* action being considered, should Japan fail to redress its growing trade surplus with the Common Market by the autumn, but the implication is that selective tariff barriers might be erected against those two key industries.

The Commission's thinking would thus reflect, after several years of comparatively restrained negotiations with Japan, the demands that European manufacturers in both those sensitive sectors have been voicing. They represent a major proportion of Japan's sales to the EEC, which rose from $7.055bn in 1976 to $11.495bn last year, bringing *the Community's 1978 trade* deficit with the Japanese to $6.4bn.

Open calls for more protectionist policies to be adopted by the Common Market governments have been made in recent months. The European Electronic Component Manufacturers' Association, for example, declared at the end of last year that from 1976 to 1978 Japanese exports of colour TV tubes had been increasing by 20 per cent a year, and now seriously threatened to disrupt the EEC industry.

But the Commission's contingency plans for restrictions on Japanese sales do not fall entirely into the category of *direct curbs*. The report, understood to have been prepared by External Relations Commissioner Herr Wilhelm Haferkamp, also urges a major effort to be made to encourage industrial co-operation pacts between European and Japanese industries.

It points to interest now being shown in the idea of a joint venture on aviation, in which EEC and Japanese manufacturers would collaborate on a new generation of passenger aircraft, and proposes that similar co-operation in the electronics field would help open the domestic Japanese market to European manufacturers.

The 17-page report does, however, mark a significant turning point in the Community's policy on trading with Japan. It underlines the fact that correcting the imbalance in trade now depends to a much greater extent on limiting Japanese exports, rather than encouraging Japan to import.

Efforts to encourage the Japanese to increase their purchases of European-manufactured goods, it says, would mean "not only an easing of administrative obstacles, but also a major structural change that would lead Japanese industry to rely increasingly on imported manufactures."

The tone of the Haferkamp report is unequivocal, and *clearly seeks to emphasise* the Commission's frustration over previous trade negotiations with Japan since 1976.

Almost a year ago, EEC Foreign Ministers expressed their dissatisfaction with the minor trade concessions offered by the Japanese Government during the March 1978 talks in Tokyo with an EEC Commission negotiating team.

At that time, broad hints of retaliatory action by the Governments of the Nine were given, but failed to secure results.

According to Commission officials, the aim of the new report on Japan was to provide Herr Haferkamp with a draft framework for the talks he has been holding in Tokyo this week. The document was discussed by his colleagues in the 13-man Brussels Commission on March 21, and although its contents have not apparently been communicated to the Japanese Government, they are understood to have been the basis for Herr Haferkamp's negotiating stance.

Iran to service Western debts

By Maurice Samuelson

THE NEW Iranian Government has resumed servicing debts to Western countries and last week repaid $45m to the U.S. Export-Import Bank.

This was disclosed in London yesterday by Mr. John Moore, Eximbank's president, who said that Iran had also begun payments to other Western credit authorities.

However, Eximbank still had other claims pending because of delays caused by the change of regime.

The bank's total exposure there had been $550m. This compares with the £900m covered by Britain's Export Credits Guarantee Department.

Mr. Moore, who last week attended the Amsterdam meeting of the so-called Berne Union of Governmental credit authorities, said Eximbank had embarked on a more competitive lending policy in order to boost U.S. exports.

For example, it was now prepared to offer the equivalent of France's crédit mixtes, blending straight loans with government aid, although only to match similar competition. This had recently won the U.S. a telecommunications contract in Cyprus.

Congress extends countervailing duties waiver

BY DAVID BUCHAN IN WASHINGTON

THE U.S. now hopes that a Geneva trade accord can be signed in the second week of April, and the Carter Administration expects the EEC Council of Ministers next week to give the Brussels Commission authority to conclude the GATT talks following Congress' extended waiver of U.S. countervailing duties.

The Senate late on Wednesday followed the House of Representatives and extended for six months the U.S. Treasury's authority to set aside duties on imports subsidised by foreign governments. This extension, which will get President Carter's certain approval, settles a prolonged and acrimonious dispute between the U.S. and the European Community. The EEC countries, particularly France, had refused to conclude a trade deal while the U.S. held what they claimed was a negotiating *pistol to their heads* in the form of countervailing duties.

Both houses of Congress accepted the contention of the Administration and its top trade negotiator, Mr. Robert Strauss, that failure to extend the duty waiver would stymie the Geneva negotiations. The threat that various Senators would, under the loose procedural rules of their branch of the legislature, tack on protectionist amendments which would block the waiver never materialised.

In fact, the U.S. has agreed in the Geneva talks to include an injury test in its assessment of countervailing duties. At present, the U.S. Treasury merely imposes these duties on imports that are shown to be subsidised, without having to prove that any domestic U.S. industry has been damaged by the subsidies. The Carter Administration has agreed to change this to conform with the practice of most major trading countries that require an injury test as laid down by the GATT rules.

Mr. Strauss's officials feel that, with the substance of the Geneva negotiations now completed, *except* for an import safeguards dispute remaining between the EEC and developing countries, it behoves the European Community to take the last step needed to bring the protracted trade talks to a close.

Fiat 127 tops league

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE FIAT 127 was Europe's most popular car in 1978 with sales totalling 408,981, some 8,000 ahead of its nearest challenger, the Volkswagen Golf.

The 127 total includes cars built by the Fiat associate in Spain, SEAT, which are marketed in a number of European countries.

More than half the 127s sold were bought in Italy—226,152, and a further 83,882 in Spain. The UK was the best export market, taking 20,137 last year, followed by West Germany 15,871, France 12,395, and Holland 12,075.

Fiat says the best-selling model in the range was the 1050 cc, three-door "CL" version. And the group claims that the 127 has been winning fleet sales, particularly from local and public authorities. Police forces in Holland and West Germany have adopted the car widely as a multi-purpose vehicle, while in Austria the range is used for rural delivery duties.

European sales 1978

Model	Sales
1. Fiat 127	408,981
2. Volkswagen Golf	400,909
3. Renault R5	376,212
4. Ford Cortina/Taunus	371,316
5. Ford Fiesta	346,132
6. Opel Ascona	292,440

China to buy energy from Hong Kong

AN AGREEMENT has been signed in Canton between the China Light and Power Company and the Kwangtung Electric Company under which China Light will supply 1m units of electricity a day to Shum Chun across the China border, Reuter reports from Hong Kong. Sir Lawrence Kadoorie, the chairman of China Light, said that the link could enable China Light to obtain power from Kwangtung in the future.

Trade pact extended

China and Japan yesterday signed an agreement extending their private trade pact by five years to 1990 and increasing its value to $60bn (£30bn) from $40bn, Reuter reports from Tokyo. The agreement was signed by Liu Xiwen, the Chinese Vice-Foreign Trade Minister, and Yoshiro Inayama, the chairman of Nippon Steel. The initial pact was reached in February, 1978.

Swiss airport growth

A "substantial increase" in the cargo volume handled by the international Basle-Mulhouse airport will arise from the doubling of overall freight capacity over the next two years, John Wicks writes from Zurich. The Airport, which is located on French territory at Blotzheim, will invest a sum of SwFr 9.8m (£2.8m).

Swedes to make vodka

THE SWEDISH state-owned wine and spirit wholesale and manufacturing monopoly, Vin Och Spritcentralen is to produce its own brand of vodka, primarily aimed at the U.S. where vodka accounts for about 20 per cent of total spirit sales volume of about 1.5bn litres, John Walker writes from Stockholm.

EEC energy loan

The EEC Commission said yesterday it will grant a loan of FFr 600m (£69m) to Centrale Nucleaire Européen a Neutrons Rapide SA (NERSA) for nuclear technology research, Reuter reports from Brussels.

Indian ports hit by strikes and congestion

By K. K. Sharma in New Delhi

THE COMMERCE MINISTER, Mr. Mohan Dharia, estimates that India has lost export earnings worth Rs 5bn (£320m) because of port strikes and congestion in Calcutta and Bombay.

But for labour trouble in the ports, Mr. Dharia said, exports in 1978-79 would have increased by 10 per cent over the previous year and not just the two per cent now anticipated.

Mr. Dharia said the port congestion had held up billions of rupees worth of export cargo. He attributed the fact that nothing had been done to improve the working of the ports for the last 40 years to failure of management.

P. C. Mahanti adds from Calcutta: The strike at Calcutta Port has been called off and the port has been working normally for the past two days under police protection.

The chairman of the port trust S. R. Das, however, has been urging New Delhi to declare port operations here as essential service since the possibility of fresh strikes cannot be ruled out.

Justifying his plea Mr. Das said the strikes are being deliberately engineered to disrupt port activities and harass the Administration.

Berlin to open congress centre

By Leslie Colitt in Berlin

ONE OF the most expensive post-war buildings to be erected in West Germany, the enormous International Congress Centre, costing some DM 800m, opens on Monday as a move by West Berlin to become West Germany's leading convention city.

The centre, being called Europe's largest structure built exclusively for conventions, has two main halls capable of seating 8,200, with banks of chairs able to be swiftly raised into the ceiling to create a banquet hall or a ballroom. Some 80 additional rooms will accommodate smaller working groups.

Brazil and Angola step up industrial co-operation

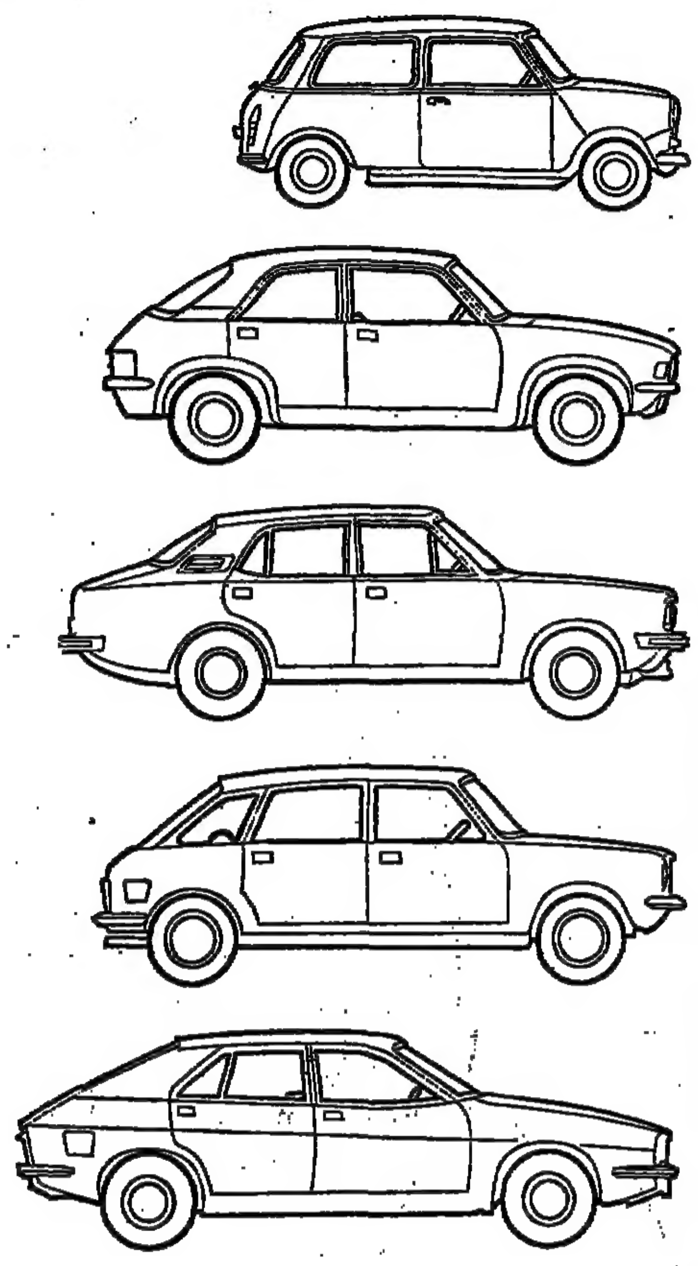
BY DIANA SMITH IN RIO DE JANEIRO

THE BUDDING relationship between Brazil and Angola is to be cemented by a treaty of friendship and co-operation, opening the way to closer links in hydroelectricity, telecommunications, sugar production and shipbuilding, training of Angolan technical personnel, and widespread cultural exchanges.

The fact that Angola is an oil producing and exporting nation, and that its Minister of Oil is due to visit Brazil in the near future is being interpreted as a sign that barter trade may be part of the stronger Brazilian-Angolan connection. In several cases, notably with smaller oil producing countries, Brazil has developed this form of trade, exchanging manufactured goods or foodstuffs, like frozen chickens, for oil.

Meanwhile, Brazil's Mar shipyards are completing an Angolan order for 20 fishing vessels, while Brazilian textiles, shoes and some Brazilian television soap operas have begun to receive markedly favourable acceptance in Angola.

THE BEST OF BOTH WORLDS.



The world's car makers fall into two categories. Specialist. And volume.

With sales of nearly ¾ million cars, we can understand why people assume that BL is just another volume maker.

And some observers believe that we cannot compete with multi-national corporations who produce many more cars than we do.

We cannot agree.

Along with our volume cars, we produce specialist cars in large numbers. And this puts us in a third, unique category.

What are our Jaguars, Rovers, Land-Rovers, Range-Rovers, MG's, Triumphs, even Minis, if they are not special?

This gives us several very important advantages.

Our family cars draw on the advanced technology and engineering skills developed for our specialist cars.

While these specialist cars benefit from significant economies of scale in shared component design, development and manufacture.

In fact our component skill has developed to a point where we make healthy profits selling to other manufacturers.

Our product range allows us to give much greater design freedom to some of the world's most skilled engineers.

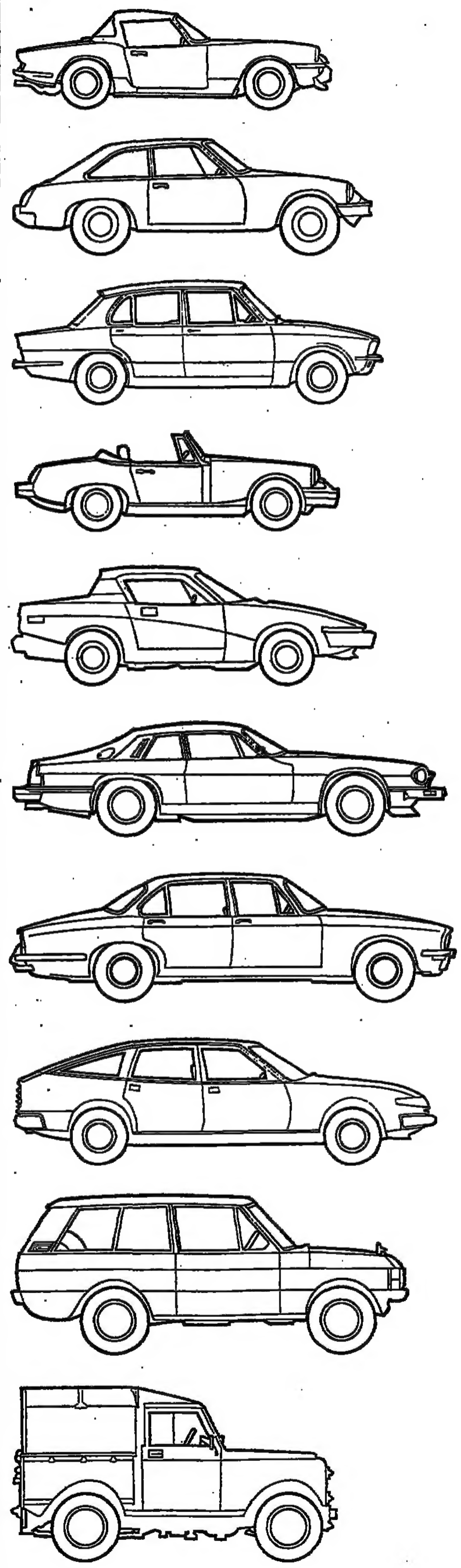
It also makes sure we don't confine all our eggs in one or two baskets.

It's worth remembering, too, that in the part of our range where we are in direct competition with the "volume" giants, we make nearly ½ million cars each year, and have no less than three out of Britain's six best sellers.

A tally that's certain to increase when our extremely advanced new small car comes onto the market next year.

So don't just see us as volume car makers.

But as one of the world's largest specialist car makers.



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ANTHONY DICKS ASSOCIATES

UK NEWS

Taxmen oppose self-assessment

BY DAVID FREUD

THE Inland Revenue is sceptical about whether there would be any benefit in moving to a self-assessment system for taxing employees, according to a report released yesterday.

The report, on possible future developments of the Pay-As-You-Earn system, stated that the crux of the argument for going over to self-assessment was the scope for reducing Inland Revenue staff.

However, the system would require temporary staff at peak times and it was "a matter of judgment" whether the Revenue could employ people regularly year after year on such a temporary basis.

If there was a danger that the Revenue would be obliged to staff itself all year at a level which reflected the work peak any staff savings would obviously be drastically reduced, said the report.

A further drawback was that trials had shown a high error rate in individuals making their own assessments and the system would entail considerable extra costs for the private sector. Revenue lost was estimated to total £700m a year—more than three times the total cost of running the present PAYE system.

The study into whether self-assessment on the U.S. model was feasible for the UK was initiated last autumn by Mr. Robert Sheldon, Financial Secretary to the Treasury.

Shortly after launching the study he told a meeting of accountants: "My colleagues and I at the Treasury come to this debate with an open mind. But I am very hopeful that this line of approach will be a fruitful one."

The Inland Revenue's findings seem likely to rule out the prospect of any radical change to self-assessment or self-coding.

The main disadvantage of self-coding was demonstrated in two sets of field tests.

The report said: "The results of neither test were encouraging, with a majority of those taking part failing to arrive at their correct code, even using the simpler form. The error rate seemed to rise sharply as soon as any form of calculation beyond very simple assessing was called for."

The report added that the same considerations applied to self-assessment — "only more so." The complication of schedules and different bases of assessment meant some taxpayers in the UK "would face an appalling prospect."

Any simplification of the system of schedules would involve really fundamental changes in the law and administration of tax "and, to be realistic, it is only conceivable if it were to take place over a fairly lengthy period of years and with sustained effort."

'No claims' bonus scheme for high-class builders

FINANCIAL TIMES REPORTER

THE National House-Building Council has raised the ceiling on its insurance cover to £50,000 on new houses, and is to offer a no-claims bonus to builders who perform well.

Under the premium-rating scheme, building companies will be graded on a scale running from one to 12, but long-standing firms with a no-claims or few-claims record will have an initial grading of four or five.

The maximum saving on the insurance of a new house will be 50 per cent, but the highest initial grades represent savings of about 33 per cent of the present figures. Each point on the scale works out at about £4 or £5 on the cost of insuring a new house.

The council's insurance agreement will be simplified, subject to Parliamentary approval. It will stress the need for second and subsequent buyers to have a survey since they cannot claim for major visible defects at the time of purchase.

Mr. Peter Trench, the council's chairman, explained: "Obviously this premium-rating system is not going to transform the housebuilding industry overnight. Nevertheless, we do think it will have an important psychological impact. It will be used in the boardrooms of large firms as a measuring tool.

"In smaller firms, the builder's pride will be involved as well as his pocket. Over the years the gap between the worst builder and the best will widen. In the end it will all be for the good of the housebuyer."

The council will also be issuing new guidance on the laying of foundations as a result of the amount of claims received on new houses built by council members, particularly after the 1976 drought. Last year £3.9m was paid out on total premiums paid of about £7m.

Slower growth rate for architects' commissions

FINANCIAL TIMES REPORTER

ALTHOUGH ARCHITECTS continue to receive a growing number of commissions, the Royal Institute of British Architects said yesterday that the rate of increase in new work had fallen for the second successive quarter.

According to the institute, the value of new commissions rose by just less than 6 per cent, from £1.30bn to £1.38bn, during the last three months of 1978. Expressed as constant 1975 prices, the value increased by 3.6 per cent from £925m to £985m, the highest value recorded since the early part of 1974.

The value of all new commissions last year rose by fully 60 per cent over the previous 12 months, to £5.13bn, a rise of nearly two fifths in constant-price terms.

The volume of new work taken on in the year was the best since 1974, when it was virtually at the same level.

Although the value of new commissions in the fourth quarter of last year rose for all types of building work, the increase was most marked in private, non-housing work, including industrial and commercial buildings.

In 1978, rehabilitation work accounted for almost a fifth of the value of new commissions. This type of business proved particularly important for small practices.

The institute says that the rise in new work helped employment in private practice. Since the start of 1977, employment has risen by more than 4 per cent. Most of the increase came about last year.

Occidental plan Flotta gas flare

OCCIDENTAL have applied for planning permission to erect a new 220-foot elevated gas flare on a six-acre site at their Scapa Flow oil terminal in Flotta, Orkney. The £2m flare will handle waste gas coming from the Piper and Claymore fields in the North Sea.

The original plan was to have two ground flares but it is now believed this might prove unsatisfactory in Orkney's strong winds.

Debt policy attacked

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A CALL for more comparability in the bad debt accounting policies of the major clearing banks came yesterday from Sir Jeremy Morse, chairman of Lloyds Bank.

In a relatively outspoken statement at the bank's annual meeting, Sir Jeremy said that the clearers' results this year have "not been made easier to assess" by the major new accounting changes introduced for taxation and bad and doubtful debts. On the latter area he commented: "I personally hope that this time next year we shall have more comparable figures."

The Lloyds chairman warned, however, that "full comparison" between banks will never be possible because the proper level of provision depends on the quality of the lending portfolio, on which a subsective judgment has to be made. "In our view, which our auditors confirm, we are properly provided, neither overprovided nor underprovided, so that here again our accounts give a true and fair view to the shareholders," he said.

Sir Jeremy accepted that the Lloyds' provision against bad and doubtful debts was a considerably lower figure than the other big three banks, but uniformity should not be expected. "We believe that our lending is generally soundly based, as was evident in the troubled times of four or five years ago."

On the question of providing deferred tax for leasing business (something which Lloyds did not do in its accounts) Sir Jeremy told shareholders the matter would be kept under review.

"I am bound to warn you that if in the future years either our own book or external conditions change significantly we may have to make some provision," he said.

In a surprise move at yesterday's meeting, Mr. Ralph Quartano, chief executive of the Post Office Pension Fund, objected to the Board's proposal to increase the bank's authorised capital by 25 per cent. Mr. Quartano calculated that on the basis of Lloyds' present share price, the capital increase could be worth £170m, and could be used to make an acquisition without consulting shareholders. This, he said, was against the climate of the times, and he asked whether the Lloyds Board would be prepared to undertake that no major acquisition would be carried through without the approval of shareholders.

When the assurance was not forthcoming, Mr. Quartano proposed that the capital increase be restricted to 15 per cent. However, his proposal was defeated on a vote. At March 1978 the Post Office Pension Fund held Lloyds shares with a market value of £10½m.

Bid to find new use for axed shipyard

By Ian Hargreaves, Shipping Correspondent

PRESSURE is being put on British Shipbuilders to permit the reopening of its Haverton Hill shipyard on Teesside for alternative industrial purposes.

A delegation led by representatives of Cleveland County Council yesterday presented to the corporation a document outlining three possible future uses for the yard, whose 1,200-strong workforce is in the process of being made redundant.

These are: a toxic waste disposal centre, related to the large amount of chemical industry activity on Teesside; a marine pollution centre for receiving oil tanker slops, and a fabrication centre to assemble steel tubes for a possible Tees tunnel.

British Shipbuilders has agreed to look at any viable proposition for the future of the yard and councillors are hopeful that the Government will help finance a new venture.

They believe that British Shipbuilders should set up a special subsidiary—along the lines of the British Steel Corporation (Industry) company—designed to find alternative employment in areas of shipyard closures.

The delegation, which was received by Mr. Maurice Elderfield, British Shipbuilders finance director, was strongly critical of the lack of consultation with local interests before the closure announcement.

By the end of this week, fewer than 100 men will be left at the shipyard, which is being kept on a care and maintenance basis for the time being.

Electricity to be dearer in North of Scotland area

By Our Scottish Correspondent

THE NORTH of Scotland HydroElectric Board will raise its charges by 9½ per cent from April 1, a year after the last increase.

Lord Kirkhill, the chairman, said that the new price would be held for a year if there were no significant increase in primary fuel charges. New tariffs have been approved by the Price Commission and the Electricity Consultative Council.

Tariffs will change for domestic consumers and industry, for which a new maximum demand tariff is being introduced, with lower rates for power used in summer and at night.

Lord Kirkhill said the board aimed to do no more than break even in 1979-80. Last year its profit was £1.8m.

Report hits at waste in opencast mining

BY JOHN LLOYD

THE INCREASINGLY vocal case being made against coal industry expansion on economic and environmental grounds will receive further support today at a conference in Leeds, organised by the Opencast Mining Intelligence Group.

The group has produced a report to coincide with the conference which says that opencast mining permanently destroys the land worked, and that the coal produced is not needed.

Because of this "problem of overproduction," about £100m a year is allegedly wasted on stocking of unwanted coking coal and on fees to sub-contractors for producing unwanted opencast coal.

"For these reasons there has been increasingly widespread opposition to the opencast policy of the National Coal Board. Detailed and well-documented evidence has been assembled in recent years and submitted at local inquiries and in public debate," the report says.

"The NCB has been unable to refute this evidence and has relied on making and repeating unsupported statements, many of which are misleading and incorrect."

The report says that opencast working:

- causes more environmental damage than any other industrial activity.
- causes permanent loss of agricultural land—"in agricultural terms opencast mining can only be considered as a form of creeping land erosion which completely sterilises good farm land for a period of five to ten years and leaves it permanently degraded and of very restricted agricultural use."
- is not needed because of overproduction for the power station, steelmaking, industrial and domestic markets.
- is contributing to a wasted expenditure of £100m a year.

It recommends that the powers of compulsory purchase vested in the NCB be terminated, and that new legislation be enacted to provide adequate controls governing the working and restoration of opencast sites, on the U.S. model.

Since the report was produced, theNCB has been given the task of supplying 80m tonnes of coal to the Central Electricity Generating Board over the coming year, a demand which is likely to place severe strain on its productive capacity.

- The NCB's Opencast Executive yesterday awarded a contract worth £24m to Northern Strip Mining, a subsidiary of Burnett and Hallamshire Holdings.

The contract is for the mining of 3m tonnes of opencast coal a year, together with 14m tonnes of clay, from the Donington Extension site near Church Gresley, in Derbyshire.

The contract became effective on February 1 and will last for six years. The coal will be power station quality.

Aid of £6.4m to 'special need' urban projects

BY PAUL TAYLOR

THE GOVERNMENT has approved urban aid grants totalling £6.4m for projects in towns with special social needs in the financial year 1979-80.

These grants are in addition to £73.6m which the Government has set aside for the seven inner-city partnership areas in the year.

Of 1,400 applications the Government has approved 270 projects in 117 local authority areas.

Particular emphasis has been given in this latest round of grant allocations to projects by voluntary organisations or to benefit ethnic minorities.

Voluntary organisations will run 122 projects worth £2.6m, while 73 projects worth £1.3m will be of particular benefit to ethnic minorities.

The increased allocation to voluntary organisation projects follows mounting criticism from the Government-funded National Council of Social Services, which has said that since 1968, when the Urban Aid Programme was started insufficient funds have been directed toward local community initiatives.

Centre Hotels £15m shine

BY ARTHUR SANDLES

CENTRE HOTELS (Cranston), now part of the Coral Leisure Group, is to spend some £15m in the next three years on refurbishing and improving its properties.

About £2m of this will go on upgrading the Regent Centre, flagship hotel of the group, from three-star to four-star.

The remarkable aspect of this investment decision is that the Coral group is spending on refurbishing almost as much as the £16.5m for which it bought the Centre two years ago.

Sir Alex to become Lyons chairman

BY ANDREW TAYLOR

Sir Alex Alexander: New man at the top.

SIR ALEX ALEXANDER, former chairman of Imperial Group's food division, has been appointed chairman of the Lyons food group. Lyons was taken over by Allied Breweries in a £60m deal last year.

Sir Alex, who recently joined the Allied board as a non-executive director, takes over from Mr. Keith Showering, Allied's chairman, who has been acting chairman of Lyons since the takeover. Mr. Showering will remain a Lyons' director "for the time being."

Mr. John Garner, formerly group chief accountant, has been appointed to the Lyons board as finance director. Mr. Garner is a former finance director of the Lyons Maid ice cream subsidiary.

He succeeds Mr. J. N. Mendelssohn as finance director. Mr. Mendelssohn has been appointed group assistant managing director with responsibility for Lyons' continental food business.

Sir Hector Laing, chairman of United Biscuits, has joined the Allied board, as a non-executive director. Sir Hector recently retired as chairman of the Food and Drinks Industries Council.

Chinese car delegation to see BL

A CHINESE motor industry delegation now in Britain is changing its plans to fit in a visit to BL plants in the Midlands today.

Originally the team's itinerary pointedly excluded BL operations, but earlier this week members asked to see the state company's manufacting facilities.

Seven of them will now spend the morning at the Longbridge plant in Birmingham watching production of Austin-Morris cars such as the Mini and Allegro. Later they are due to go to Solihull to see the Land Rover and Range Rover, and Rover saloon plants.

Leyland said: "We are pleased to welcome them to our factories and demonstrate our expertise as international vehicle manufacturers."

Depositors may sue Guernsey Government

THE FIRST steps towards possible legal action against the Guernsey Government were taken yesterday at a meeting of some 50 of the 200 former depositors of Barnett Christie, the collapsed local finance company, which held deposits of £1.4m.

A decision to seek legal advice was taken after one depositor alleged the island's Protection of Depositors legislation had protected nobody in the case of Barnett Christie, except the island Government's Advisory and Finance Committee which administers the law.

The committee was criticised for not informing the public that it had refused to renew Barnett Christie's registration as a deposit-taking institution from December 31, 1976.

Eight depositors claimed that they had made new deposits with the bank after January 1, 1977, and were advised to give details to the island police who are already investigating similar complaints.

There was also criticism of the company's former auditors, the local practice of Black, Geoghegan and Till.

Builders close down branch

SEVENTY-TWO workers will lose their jobs when Henry Willcock & Co., builders and contractors, closes its Wolverhampton branch. After 120 years of business in the area, the workforce will be phased out over the next few months.

The company blames the closure on economic pressures on the building industry.

Competition blamed for fall of 1,500 in petrol stations

BY KEVIN DONE, ENERGY CORRESPONDENT

NEARLY 1,500 petrol stations closed last year in the UK largely as a result of continuing tough competition between petrol retailers and increasing costs.

The fall in the number of retail petrol outlets from 29,751 in 1977 to 28,295 last year represents a loss of just under 5 per cent.

While the number of garages selling petrol fell sharply last year, demand in the petrol market grew by 7 per cent compared with 1977.

According to a review carried out by the Institute of Petroleum, the main oil company to shed retail sites was Shell, which closed more than 1,000 outlets. As a result it has lost the market leadership to Esso, which itself closed nearly 400 sites.

The decline in the number of petrol stations showed the largest annual fall since 1971. Since 1973 the number of petrol stations has fallen by 14.2 per cent in spite of a growth in petrol demand of 10 per cent.

The closure of retail outlets "reflects the continuing and difficult economics of petrol marketing," says the Institute. "Last year, like 1971, was a depressing year and prices at the pump continued to decline in real terms."

The retail petrol price index has risen by 7.6 per cent from 1973 to 1979 compared with a 71.3 per cent rise in the retail price index.

Petrol prices are expected to move up sharply for the rest of the year, in response to the increases in crude oil prices that are being implemented by the OPEC countries.

The oil companies now own nearly 31 per cent of all sites compared with 30 per cent in 1977. The major companies dropped nearly 1,700 sites last year but some were bought by smaller companies, especially in rural areas.

The number of self-service sites rose by 527 in 1978 and now comprise nearly 18 per cent of all outlets. In spite of this small share of outlets, they already account for more than half of all the petrol sold in the UK.

Brand	Number of sites per company: total	self-service	company owned	Number of Company Sites as % of UK total
Esso	5,931	852	1,496	21.0
Shell	5,440	962	1,586	19.2
BP	3,072	587	811	10.9
National	2,030	282	446	7.2
Texaco	2,150	360	935	7.6
Mobil	1,333	504	662	4.7
Fina	1,085	171	301	3.8
Burmah Group	872	133	256	3.1
Total	858	290	614	3.0
Jet	818	163	322	2.9
Elf	557	144	130	2.0
ICI	460	40	—	1.6
Others	3,689	478	1,073	13.0
GRAND TOTALS	28,296	4,966	8,632	100.0

Source: Institute of Petroleum.

Tyneside engine-building companies to merge

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is to merge two of its engine-building subsidiaries on the River Tyne.

The first step is the creation, from the end of this month, of a new company, Clark Hawthorn, which will centralise the marketing and commercial activities of Hawthorn Leslie and George Clark and NEM.

This is the second stage of a major rationalisation planned for British Shipbuilders' engine division, which like the merchant shipyards, is desperately short of work.

The first was the announcement last year that Barclay Curle, the Scottish engine-builder, was to transfer to the general engineering sector.

The combined workforce of the new company will be around 2,000 and Hawthorn Leslie said yesterday that there were no immediate plans to reduce this number in spite of the shortage of work.

George Clark and NEM, the larger of the two companies, is still bidding for a crucial £20m contract to re-engine four container ships for Seatrain Lines, but is facing tough competition.

The Tyne engine companies build slow and medium speed engines under licence from Sulzer and Stork Werkspoor and steam turbine engines under licence from Westinghouse and Kawasaki.

It is still not clear whether British Shipbuilders intends to follow up the changes on the Tyne and Clyde with any closures.

A question mark was placed over the future of the Doxford engine works, Sunderland, in British Shipbuilders' corporate plan, but assurances have been given that no early closure is envisaged.

Hawthorn Leslie recorded a pre-tax profit of £132,000 in the nine-month period to April last year, but George Clark lost £0.7m and Doxford lost £1.2m.

Ulster price study pledge

FINANCIAL TIMES REPORTER

MR. ROY HATTERSLEY, Prices Secretary, yesterday promised a Price Commission investigation into fuel and food prices in Northern Ireland as a priority if Labour is returned to government.

The investigation, to have been formally announced yesterday had the Government won the Commons confidence vote, will compare prices between Northern Ireland and Britain and recommend means of reducing disparities.

Particular concern has been expressed about the high cost of gas and electricity in Northern Ireland. The study would have been linked to a similar examination of comparative prices in Scotland.

Highest auction price for Japanese art

SALEROOM

BY ANTONY THORNCROFT

AN AUCTION RECORD price for any Japanese work of art, £110,000, was paid at Sotheby's yesterday by a Japanese dealer for a Kakiemon vase of the late 17th century. The vase 29cm high is in iron red, green, blue and black enamel and depicts a dragon above a tiger. A 10.8 per cent buyer's premium must be added to the hammer price. The vase was the feature of a sale of Japanese works of art which totalled £402,682 with just 1.24 per cent bought in.

The main auction at Sotheby's was of medieval Renaissance and baroque works of art. It totalled £475,478 with 7 per cent bought in.

The highest price was £34,000 paid by the London dealer Charles Ede for a pair of English Gothic stained glass panels of the early 15th century which had been in the east window of the Chapel of Hampton Court at Leominster, Herefordshire. They far exceeded their forecast.

A Bhussels dealer paid £30,000 for a German bronze aquamanile of about 1400, also twice forecast, while a New York dealer secured a Rhenish limestone group of the Virgin and Child of about 1460 for £17,500.

A Styrian polychrome wood figure of St. Peter, attributed to the Master of Grosslobming around 1415, realised £16,000, and a similar of the Magdalene, from Swabia of about 1520, sold for £15,500.

At Christie's a Regency ebonised and boulle commode sold for £12,000 in an auction of French furniture dominated by Continental buying. It totalled £302,470. A Louis XV kingwood and marquetry table a escrire, stamped J. B. Fromageau Jme., went for £11,000, and a set of four Régence beechwood fauteuils made the same. A Louis XV kingwood longcase regulator clock, signed Pierre Le Roy of Paris, was bought for £10,000.

Bonham's disposed of Old Master paintings for £107,625 and furniture for £89,870. Best price in the pictures was £6,000, for "The calling of St. Matthew," attributed to Reymerswale. The same sum secured "A Dutch estuary scene," attributed to Capelle.

A Dutch walnut and marquetry display cabinet sold for £7,800, and an early Regency rosewood and brass-mounted writing table for £8,000.

Sotheby's Belgravia celebrated the tenth anniversary of first auction of Victorian silver yesterday. In that decade it disposed of silver valued at over £5m. The top price yesterday was £3,200 for a Storr and Mortimer four-light candelabrum, while Bloomstein paid £2,700 for a collection of King's pattern table silver.

NEWS ANALYSIS—UPDATING A CREAKING SYSTEM

Computer plan to ease strain of gilts deals

BY CHRISTINE MOIR

STOCK EXCHANGE members and the major investing institutions and brokers will have received this morning a report from the Joint Committee on Gilt-edged Settlements, which has been set up by the Bank of England and the Stock Exchange.

The report contains proposals for a long-term computer system for settling gilts transactions through "book entry" transfers rather than the present laborious system of hand-written notes and certificates.

If adopted it would represent the Stock Exchange's third major investment in computerisation this decade. The moves started with computer checking of equity bargains — "Charm." Within the fortnight, fully-comuterised equity bargain settlement — "Talisman" — should begin.

To continue in the same vein, perhaps the new gilts system should be dubbed "Mascot."

The proposals are to be presented to the Bank and the Stock Exchange next month. If they are accepted, a working party will be established to thrash out technical details.

£1.7m project

At this stage the joint committee expects the project to cost £1.7m over three years. That would not include the Bank's outlay on adapting its own computers to match the new system in the Stock Exchange, which would centre on a proposed "Central Gilts Office."

Today's report represents the fruition of 18 months' study. In August, 1977, both the Bank and the Stock Exchange became concerned over the increase in the volume of transactions in Government stocks. In 1975 these amounted to less than £16bn by value per quarter. By 1977 the figure had grown to just under £33bn.

The market mechanisms were coming under strain. This was intensified by the way in which transactions were tending to bunch round short, but steep, peaks. Usually these lasted less than a week or so at a time, but in October, 1977, the peak lasted much longer and the settlement system developed audible creaks.

Investors have been unaware of the strain only because of the flexibility extended by the clearing banks with the Bank of England's permission. Often the banks have permitted jobbers and brokers to settle well after normal banking hours, but even still, large amounts of money have been outstanding overnight.

Unsettled

In June, 1978, which admittedly included three days of exceptional activity, on average 53 per cent of bargains by number remained unsettled on the day after dealing. In terms of value, however, the proportions are not nearly so significant.

The joint committee believes the answer is to reduce the flow of paper by introducing a "book entry" transfer system.

As the proposals now stand, a Central Gilts Office would be established in which all jobbers and money brokers would be required to hold accounts. Major investors and leading gilts brokers would also be persuaded to join.

Unlike Talisman, however, each account would be kept separate. There would be no pooling of stock under a nominee company, as with SEPON.

The CPO computer would carry out the following transactions: It would check whether the jobber had sufficient stock in its account; debit the jobber's account and credit that of the purchaser; send a message to the Bank of England's computer so that it can update its registers; send a payment record to the appropriate clearing banks to credit and debit the jobber, broker and purchaser; and finally confirm the transaction.

Extension plan

Initially, the system would handle at least 20 per cent of all transactions — probably accounting for 80 per cent of the value of market deals—with an inbuilt programme for extension.

It would also be designed to extend to other fixed interest stocks at some time in the future, though starting exclusively with Government stocks.

The initial programme would also permit members of the CPO to conduct stock loans from specially-designated stock lending accounts. They would also be able to use the credit balances in their accounts as collateral for stock or money loans.

"I Started A Revolution."

Who am I?
Edward J. Daly, President and Chairman of the Board of World Airways, the world's most respected charter airline. Not exactly a wild-eyed revolutionary. But in 1967 I committed a revolutionary act felt worldwide: I petitioned the Civil Aeronautics Board for a coast-to-coast schedule with a budget fare.

That's revolutionary?
You bet. In fact, twenty-nine years before our would-be competitors launched their much-ballyhooed "no frills" and their "super-discounts," my airline was ready to offer the lowest possible air-fares with the least possible complications to the flying public, and that 1967 petition was not the first salvo in the battle.

So why wasn't World in the forefront when budget-fares hit the headlines in 1978? Because (in the words of Senator Edward M. Kennedy) "... the CAB allowed [World's] application to remain on the bureaucratic shelf for six years and, in 1973, dismissed the application as 'stale.'"*

By CAB regulations of the day, I was forbidden to offer *any* scheduled service because World is classified as a charter airline. The scheduled carriers, however, have always been allowed to fly charters in addition to their regular service.

But I haven't survived the pressures of the airline business by being deferential. In April 1975. I submitted a *new* application to the CAB, asking for an $89 one-way fare for schedules between major metropolitan centres on the east and west coasts. The proposal, unlike most of those that were to come in its wake, made no exclusions or limitations for certain days of the week or seasons of the year. It required no minimum stay or advance-purchase requirement as others would.

While the CAB pondered, a barrage of editorial and public opinion in World's favour shook the airline industry.

A headline in the *San Francisco Sunday Examiner & Chronicle* asked, "Airfares: Sky High Rip-offs?" The *New York Times* (April 3, 1975) said, "The proposal... brought promises from American and Trans World Airlines to fight it vigorously... match it if necessary," while *Travel Weekly* (June 19, 1975) reported that "a small flood" of favourable mail had poured into the CAB offices in response to the announced new application.

Boston Evening Globe, June 20, 1975.

Even Federal Courts were on my side.
Three years passed as the CAB took further evasive action. The inevitability of inflation – with skyrocketing prices everywhere – pushed our $89 fare to a $99.99 fare, plus tax – still the lowest regular coast-to-coast fare. A Federal court upheld my right to a swift consideration of the application. The Department of Transportation issued the following blunt statement of recommendations to the CAB:

> "DOT's support for World is based primarily on the fact that *World is clearly the originator* of the low-fare, high density service proposals that are the subject of this case."

Edward J. Daly

In the meantime, the CAB had come under the dynamic leadership of Alfred Kahn, and swift changes began to be made as the administration threw its weight behind the concepts of deregulation and genuine competition among airlines. A lagging industry began – quite literally – to take off, as travellers took enthusiastic advantage of the "sale" and packed every plane. (Since every low fare wasn't as free of complications as my proposed one, thousands of travellers – unable to get seats on return flights – ended up on the streets of London. World was one of the first airlines to come to the rescue of these "strandees.")

On August 23, 1978, CAB administrative law judge, William Dapper, made a positive recommendation on World's proposal. It looked as if my airline would finally be allowed to join the revolution I had started twenty-nine years before.

And so it was. On March 13, 1979, the Board granted World full authorization to make scheduled flights. And so it shall be: on April 11, 1979 coast-to-coast service begins between New York/Newark and Baltimore in the East and Oakland/San Francisco and Los Angeles in the West.

And as the revolution rolls on, the barricades fall ever more swiftly.
Immediately after I begin coast-to-coast scheduled operations, my fleet will be flying scheduled service to Hong Kong via Hawaii and Guam from Oakland/San Francisco and Los Angeles. Shortly thereafter European service will begin to Amsterdam, Frankfurt, Munich, Düsseldorf, Hamburg, Cologne and Stuttgart from Oakland/San Francisco, Los Angeles, Newark/New York, Baltimore/Washington, Chicago and Detroit at the lowest fares possible. And this is just the beginning.

I've had twenty-nine years to plan the future.
And while the scheduled competition spent its time submitting briefs to the CAB against my proposal (then finally, submitting proposals to "match" it). I've continued to run a successful charter airline and expand on the original idea. I've talked with people and organizations who have interesting ideas of their own. Ticketron, for instance, has methods and locations to simplify ticketing (*the ticket will be the reservation* – no dashing to the airport counter to find your reservation gone). With Greyhound, I've developed a concept of a linkup that might encourage an entire new segment of the population to consider flying – bus rides from the major airports that are World's destinations to and from the smaller communities that may be the passenger's destination.

Watch now, as twenty-nine years of planning is put to work.

Edward J. Daly

Edward J. Daly
President and
Chairman of the Board
World Airways, Inc.

WORLD AIRWAYS
For people who hate to waste money.

UK NEWS

Expansion for ICL software team

INTERNATIONAL Computers Ltd. (ICL), the only significantly sized British computer manufacturer, is to increase its software development team by half.

ICL's Scottish development centre at Dalkeith intends to recruit about 50 graduates over the next few months to expand work on computer languages and compilers, testing programmes, communications, and the transfer from older to newer technologies.

Mr. Sandy Blackie, manager of the centre, said yesterday that it was considering applications from 200 of the best graduates from UK universities and had offered jobs to 17.

The centre's intentions included keeping ahead of the constant advances being made in microprocessor development.

"The development of computer hardware over the last decade has been such that you can get today much more computing power for a fraction of yesterday's cost. However, the cost in developing new software has greatly exceeded that of hardware development and manufacture.

"Now we have the microprocessing revolution, to which the Government is currently paying such attention, and this means that there will be a need for even more concentration on software.

"A microprocessor, for all the technological brilliance of its electronic engineering, is only as good as the software which drives it. Its construction has to be matched by equal brilliance in the highly intricate software, and it is to this aspect that we shall be devoting much of our efforts."

ICL led the world in several software programmes, Mr. Blackie added. He cited distributed array processors, for weather forecasting; and content addressable file stores.

£1m loans scheme to aid depressed mining areas

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LOANS of up to £1m are being made available on special terms to small and medium-sized companies in run-down coal and steel areas as a result of a new aid scheme agreed with the European Coal and Steel Community by the Department of Industry.

The community lends up to 50 per cent of the fixed asset cost of projects which create employment opportunities for former coal and steel workers. The loans are for seven years at a fixed rate of interest and would be negotiated through the Industrial and Commercial Finance Corporation.

The community will provide an interest rebate of up to 3 per cent for the first five years. On the basis of current interest rates, this would produce a net cost to borrowers of 8¼ per cent after charges covering the corporation's requirements and exchange risk cover have been taken into account.

Private sector borrowers are also guaranteed against exchange losses up to a limit set by the Government of £10m for this year.

The scheme will operate on a trial basis for the rest of this year, but all loans agreed during this time will be fully covered in the years ahead.

These arrangements complement both foreign currency loans from the community for larger companies announced last August, and an earlier exchange risk guarantee arrangement with the European Investment Bank.

Small businesses backed

BY OUR INDUSTRIAL EDITOR

THE FIRST small businesses project to be backed by large companies belonging to the London Enterprise Agency has been launched in Lambeth, South London.

The agency, which is itself to be officially launched in a fortnight, is providing a project manager to help turn a 40,000 sq ft former Pye television factory in Lambeth into a community of 40 to 50 small companies.

Three businesses have decided to move in so far. They are a dressmaker, a light fitting assembler, and the manufacturer of a component for electric motors. They will initially employ 30 people.

Finance for the project is being provided mainly by the Government's inner city partnership programme, through Lambeth Council, which is paying £30,000 annual rent on the factory for the next three years and is covering the cost of £120,000 building work.

The development, called the Lambeth Industries Project, was originally thought of by a local charity organisation called the Lady Margaret Hall Settlement.

A manager from Marks and Spencer, one of the founding members of the London Enterprise Agency, is on the board of the project together with various local interests.

Operating costs of the factory will be spread on a co-operative basis between the businesses that are set up and the London Enterprise Agency members will provide special help with accountancy, marketing and other problems.

The agency will also provide direct contacts with three financial institutions among its founding members — Midland Bank, Barclays Bank, and the Industrial and Commercial Finance Corporation.

Productivity low in food and drinks industry, report finds

BY PAUL TAYLOR

LOW PRODUCTIVITY is one of the food and drinks manufacturing industry's greatest drawbacks according to a report prepared for the National Economic Development Council, published today.

The 1979 Progress Report, by the Fod and Drink Manufacturing Economic Development Committee, finds grounds for concern about the industry's performance compared with those of UK manufacturing generally and of chief overseas competitors.

An overall analysis suggests that productivity improvement is lagging behind that in the rest of industry and the committee s to devote much future work to findng out why.

The report singles out brewing, saying that inefficiencies have been found in distribution, where captal nvestment s not beng fully utilised.

Employment in the industry is likely to continue to decline slowly the committee says.

The report suggests that the financial position of the industry as a whole is difficult to assess because information is lacking on certain key financial indicators, such as the average rate of return on capital.

Low profitability in meat products is seen as causing particular concern.

The committee gives a warning that, although the industry's balance of trade has improved, future growth through import saving and increased exports depends on the industry's international competitiveness.

Leather industry 'dying' protest

By Christopher Parkes

THE LEATHER INDUSTRY has been dying in the past 12 months while its leaders tried to convince the Government of the seriousness of its condition, said Mr. Pat Patrick, outgoing president of the British Leather Federation, to tanners and processers in London yesterday.

Last year's "grave situation" had now become "chaotic," he said.

The EEC Commission has been asked by Mr. John Smith, the Trade Secretary, to restrict exports of raw hides to non-Community countries. A reply is expected today.

Protection

"Brussels must not wait until we are all gone before taking positive action," Mr. Patrick said.

"What is happening to this country's leather industry is going to happen to other industries, so the problem won't go away.

"Kill us, and you kill the manufacturing industries which depend on us for their raw material."

British tanners could not afford to buy British hides because overseas companies whose industries were "politically protected" outbid them.

"What material we have bought cannot be sold economically because our markets have been invaded by countries which effectively ban imports of finished leather, ban exports of raw materials and can thus undercut us."

He warned against unilateral British action, urged by leather workers' trade unions and some tanners, because of danger of disrupting delicate relations with the European industry.

Leather goods manufacturers in Britain and Europe who had been reluctant to back the tanners should realise that if the tanning industry died they too would quickly succumb.

"How could any leather industry survive without a sound domestic source?"

Free trade call

Appealing for reinstatement of "free trade" in leather and leather goods, Mr. Patrick said that until this was achieved Britain should be given protection from the ravages of artificially-priced leathers coming to Europe from countries which would not give Europeans access to their markets.

Countries which refused to sell their raw materials should be refused access to EEC supplies, and the Community protected from those countries' applying both policies, denying access to their raw materials and their markets.

Feature Page 27

Coal stocks at low ebb after 4% fall in production

BY KEVIN DONE, ENERGY CORRESPONDENT

COAL PRODUCTION in the three months from December to February dropped by nearly 4 per cent compared with the same period last year. With total coal consumption rising, the level of distributed coal stocks fell last month to its lowest level for many years.

The figures in the Department of Energy's latest bulletin on energy trends, will be of particular concern to the Government.

The department is encouraging the Central Electricity Generating Board to burn an extra 5.5m tonnes of coal htis year, a total of some 80m tonnes, to reduce oil consumption. The Government hopes this will be a major step in reducing oil consumption this year by 5 per cent.

This is the target agreed by all the world's major indsutrialised countries in response to the three-month loss of oil exports from Iran.

According to the department, deep-mined coal production fell by 2.9 per cent to 28.9m tonnes in the three months to the end of February, compared with the same period last year.

Open-cast production, badly hit by the harsh winter, fell 1.7 per cent. The total drop in output for the three months was 3.9 per cent.

Total consumption of coal during the period rose by 2.7 per cent, with power stations taking an extra 1.9m tonnes, an increase of 7.9 per cent, as a result of the Government-subsidised coal burn.

North Sea oil production rose again last month to reach an average output of 1,502m barrels a day, an increase of 43,110 barrels a day over January.

With 12 fields now on stream, the UK is the world's 13th largest oil producer and should reach self-sufficiency in crude oil production by the second half of next year.

Consumption of natural gas from December to February was 10.7 per cent higher than a year earlier. About half the increase is attributed to the colder weather, while gas is also taking a growing share of the UK fuel market.

Total inland energy consumption from November to January was 2.4 per cent higher than over the same period 12 months ago. Most of the increase occurred in January because of the very cold weather.

● The British National Oil Corporation, Charterhouse Petroleum and Ultramar yesterday signed a definitive agreement for the $94.5m purchase of Ashland Oil's 5.4 per cent interest in the North Sea Thistle Field. BNOC has taken 50 per cent of the new interest while Charterhouse and Ultramar each have 25 per cent.

Ulster site studied for synthetic rubber plant

BY OUR BELFAST CORRESPONDENT

DUPONT (UK) is to investigate the possibility of establishing a new synthetic rubber plant on the site of its manufacturing facility at Maydown, near Londonderry.

The U.S.-owned company is seeking a European location for the manufacture of Hypalon synthetic rubber, a product first developed in the 1950s and presently manufactured at Beaumont, Texas. Extra capacity to meet a growing world demand for Hypalon is urgently needed. The Maydown feasibility study will take the remainder of the year, and a decision should be made by the start of next year.

A plant in Ulster would add another 200 jobs to Dupont's existing labour force there of 1,800, and would employ several hundred in construction.

Other European sites will be studied, but Maydown is regarded as the most likely location because of the company's impressive developments in synthetic rubber technology there.

Equipment and raw materials used in Hypalon production are similar to those for Neoprene synthetic rubber, is already manufacturer at Maydown.

Hypalon, used in construction and mechanical and automotive engineering, is fully resistant to ozone and has a higher heat resistance than Neoprene.

The Northern Ireland Department of Commerce is anxious that jobs should come to Londonderry, an area of high unemployment, and will shortly begin negotiations with Dupont about the level of Government assistance that would be given for the project.

The department is also negotiating with an American engineering group, which so far has not been named, about the establishment of a new plant in Ulster which would give employment to 600. The most likely location is Craigavon, a "new city" area about 30 miles from Belfast.

Tyne expansion

DFDS DANISH SEAWAYS is to double the size of its Tyneside offices later this year, at a cost of £60,000. Last year more than 104,000 passengers with almost 20,000 cars sailed in the company's vessels.

Top six share quarter of turnover

BY ARNOLD KRANSDORFF

THE UK's six largest public companies in sales terms account for a quarter of the total annual turnover of the 1,550 industrial concerns quoted on the London Stock Exchange.

Jordan and Sons, researchers and compilers of company information, say in the latest edition of Britain's Quoted Industrial Companies, that half the total turnover is attributable to the top 40 companies, and 180 companies account for four fifths of all sales.

Jordan notes that in sales, the top 10 companies account for about three tenths of all net tangible assets and a similar proportion of pre-tax profits. All those figures show little change over the previous year.

Total turnover increased by almost 13 per cent to £85.3bn, and pre-tax profits rose by a tenth to £12.34bn.

British Petroleum, Shell Transport and Trading, Imperial Chemical Industries and B.A.T. Industries occupy the first four places in the tables showing companies with the highest pre-tax profits and largest net tangible assets.

Geers Gross, the advertising company, takes the honours as the company with the highest profitability, with a return on net tangible assets of 124 per cent.

Britain's Quoted Industrial Companies, 1979, a Jordan Survey (£14.50).

Councils back Humber Bridge toll cut

By Rhys David

THE THREE Yorkshire county councils have decided to support moves by Humberside to secure a cut in the tolls proposed for the £66m Humber Bridge.

They accepted a report by Humberside County Council expressing concern that if the proposed charges are implemented, they might inhibit use of the bridge potentially important to the area's economic and social development.

The report argues that the bridge should not be seen as purely of local significance. Several international companies had indicated that they were considering large investments in the area and said that the Humber Bridge was important in the area's favour.

The proposed tolls, subject to review in the light of construction delays and inflation, are: cars, between 80p and £1.20; light commercial, £1.50-£2.30; heavy commercial, £3-£6.50; buses and coaches, £3-£4.50.

Suzuki to sell specialist vehicles in UK

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANOTHER JAPANESE manufacturer, Suzuki, enters the UK market for specialist vehicles today—a move bound to cause concern among established importers.

Suzuki, better known for its motorcycles, is offering a light van, a pick-up truck and two versions of a four-wheel-drive vehicle in Britain.

Mr. John Turner, managing director of the company set up to market the vehicles, said he expected about 1,500 would be sold this year "and I expect our allocation will remain small for some years to come."

The new marketing company, Suzuki (GB) Cars, is ultimately owned by Mr. Gerald Ronson's Heron Corporation through its Heron-Suzuki subsidiary, a motorbike importer.

Heron-Suzuki sells about 40,000 to 50,000 motor-cycles a year, giving it a 20 per cent market share and a £30m annual turnover, thus providing a useful base for the cars business. Otherwise, as Mr. Turner admitted: "It would be difficult to justify commercially our launch into the four-wheel vehicle market in the short-term."

Heron-Suzuki have been working towards the launch since 1974 and it was "unfortunate that it has come at a politically inopportune moment," he added.

Japanese car and light commercial vehicle makers have agreed to take a prudent view of the UK market, which is generally taken to mean they will restrict shipments and not allow their market share to rise above present levels.

This means that established importers will have to give up sales — albeit reluctantly — to make way for Suzuki. Later this year, Daihatsu cars will be launched in the UK for the first time.

Suzuki is one of the smaller Japanese car makers, with a forecast 1979 output of 300,000 four-wheel-drive vehicles. All the new-to-Britain vehicles use the same 797 cc, four cylinder, four stroke, water-cooled Suzuki engine.

The ST-80V van, priced at £2,270, and the ST-80K pick-up truck, £1,959, are aimed at small traders wanting to take light loads up to 500 kg (1,100 lb) on short urban journeys. They compete almost directly with small Honda vans, also imported from Japan.

The four-wheel-drive vehicle, the LJ-80 with a removable canvas top at £2,900, and the LJ80V, at £3,350, are likely to interest farmers and others who want a more economical and smaller cross-country vehicle than is presently available in the UK.

WILSON COMMITTEE HEARS FROM MR. GORDON RICHARDSON

Governor explains Bank of England's roles

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN EXPLANATION and defence of the different roles and functions of the Bank of England was given by Mr. Gordon Richardson, the Governor, in his oral evidence to the Wilson Committee on the workings of City institutions, published last night.

In the evidence Mr. Richardson said the Bank was not conscious of any conflict between the roles and functions it performed.

In particular, he sought to rebut suggestions that the Bank was unduly sensitive to overseas, and especially foreign central bank, opinion. He said that given the economic and financial interdependence of the world, it was inevitable that central banks should maintain close contact.

"And the Government also, through its many contacts with external financial authorities, has the same sensitiveness," he added, while arguing none of this represented undue sensitiveness.

Mr. Richardson also maintained that "the combination of central bank and supervisory agency is a much more effective way of supervision and has no disadvantages for the operations."

The Governor said he had great difficulty in understanding the meaning of suggestions that "there is a conflict between the Bank's role as the agent of Government in the markets, and what is described as its role, or sometimes semi-official role, of spokesman for the City.

"The general role it has in the City is really a role of leadership. It is a role of which the aim and object is to seek to make effective the various organisations in the City which produce their diverse contributions.

"It is plain that the City in its various parts is well able to be spokesman for itself," he said, citing the submissions made about the Banking Bill.

Overall, Mr. Richardson said he did not "feel that there are any circumstances in which the roles that I or the Bank are called upon to perform put me into any kind of conflict of interest or dilemma."

In a discussion of monetary policy, Mr. Richardson said the supplementary special deposit or corset scheme was devised because the Bank thought "rather than restrict lending directly it was better to go for the point where the expansion was taking place fastest. We thought also it would be less constricting in the management of portfolios than would a direct control on lending."

The same theme is taken up in other new evidence from the Treasury. Mr. Michael Bridgeman, an under secretary in charge of the Home Finance Group, told the committee that by providing a safety-net beneath other more direct measures, both monetary and fiscal, the corset could "itself give reassurance to the market and so help the effectiveness of the market related actions."

He admitted that the corset inhibited competition and diverted business into possibly less efficient channels. "It is probably true of this and any other direct control that with time it becomes less effective in achieving its purpose, as ways round it develop—in a fairly sophisticated financial system this is inevitable—and at the same time its costs in terms of distortions of the system increases."

On monetary control as a whole, Mr. Bridgeman said: "A workable system Yes, a perfect system No, a system capable of improvement."

In particular, he referred to the worrying problem that while for macro-economic policy purpose it was probably sufficient that monetary control is exercised over a period of say, nine months to a year, the markets have "a habit of being fixated by short-term movements."

"This on occasion produces perverse reactions. I think that there is a major problem. Market education might help, say through the way we ourselves behave to try to get people to focus on the longer term, and the underlying trend in the movement of the monetary aggregates rather than the month-to-month one."

Mr. Peter Middleton, the under secretary responsible for the Finance Economic Unit, commented that "the real difficulty is that policy is never constant. Ministers are changing both their basic objectives, particularly the weight which they tend to assign to getting inflation down and to problems of getting output up. In pursuing this policy they tend to take different intermediate objectives from time to time. In particular, the exchange rate has assumed greater or less importance in our policy throughout the period. So we have to have a monetary system which we feel we can both control and adjust in relation to ministers' desires to change their policy objectives."

Mr. Middleton argued that the impact of the corset was not wholly optical since one result was that the exchange rate firmed and it affected sales of public sector debt.

He stressed that "the sole object of publishing a target rather than pursuing an internal monetary objective is to say something about your policy which is supposed to be affecting expectations so that if you get deviations, the market can expect a fairly wide policy response. One of the things that the corset does is to reassure the market that that sort of response is there."

Self-regulation is defended

BY NICHOLAS COLCHESTER

BOTH THE Trade Department and the Stock Exchange delivered eloquent defences of the self-regulation of British securities market in oral evidence to the Wilson Committee.

Their thesis was only mildly queried by committee members, who, on the other hand appeared rather more sceptical about the Stock Exchange's need to remain the unchallenged central market.

"The conclusion at the moment," said Mr. P. A. R. Brown of the department, "is that we have in the mixture of self-regulatory responsibility statutory power something which approximates very closely in the conditions of this country to the effects which are intended to be produced by having an SEC."

Mr. Brown said that the system gave no cause for "much sustainable criticism." He argued that a U.S. style securities and Exchange Commission would be hard to duplicate in Britain because it would be a "fundamental departure in our constitutional terms" to give such a Government department the SEC's freedom from parliamentary control. He added that ministers of the Labour Government were against the idea of an SEC in Britain.

Mr. Nicholas Goodison, the chairman of the Stock Exchange, said of the mix of non-statutory control with statutory backing. "It is flexible, it is quick, it is effective, and of course it does not cost the public a penny."

Turning to the recently established Council for the Securities Industry Mr. Goodison said: "I do not think you should look for radical and quick changes as a result of the CSI" but rather "insurance that the process of non-statutory regulation will go on evolving."

He revealed that the CSI would look after the new EEC code of conduct for dealers in securities, that it had already reviewed the SE's revised listing agreement to be published at the end of this year, that it was studying the over-the-counter markets, and that it was "considering the possibility" of a code of practice for issuing houses.

Trading

The committee pressed both witnesses on the case for and against allowing other forms of security trading to become established alongside the Stock Exchange.

ARIEL, the computerised trading system owned by the accepting houses was constantly proposed as a potentially valid competitor, and there were questions about the need for an over-the-counter market as well.

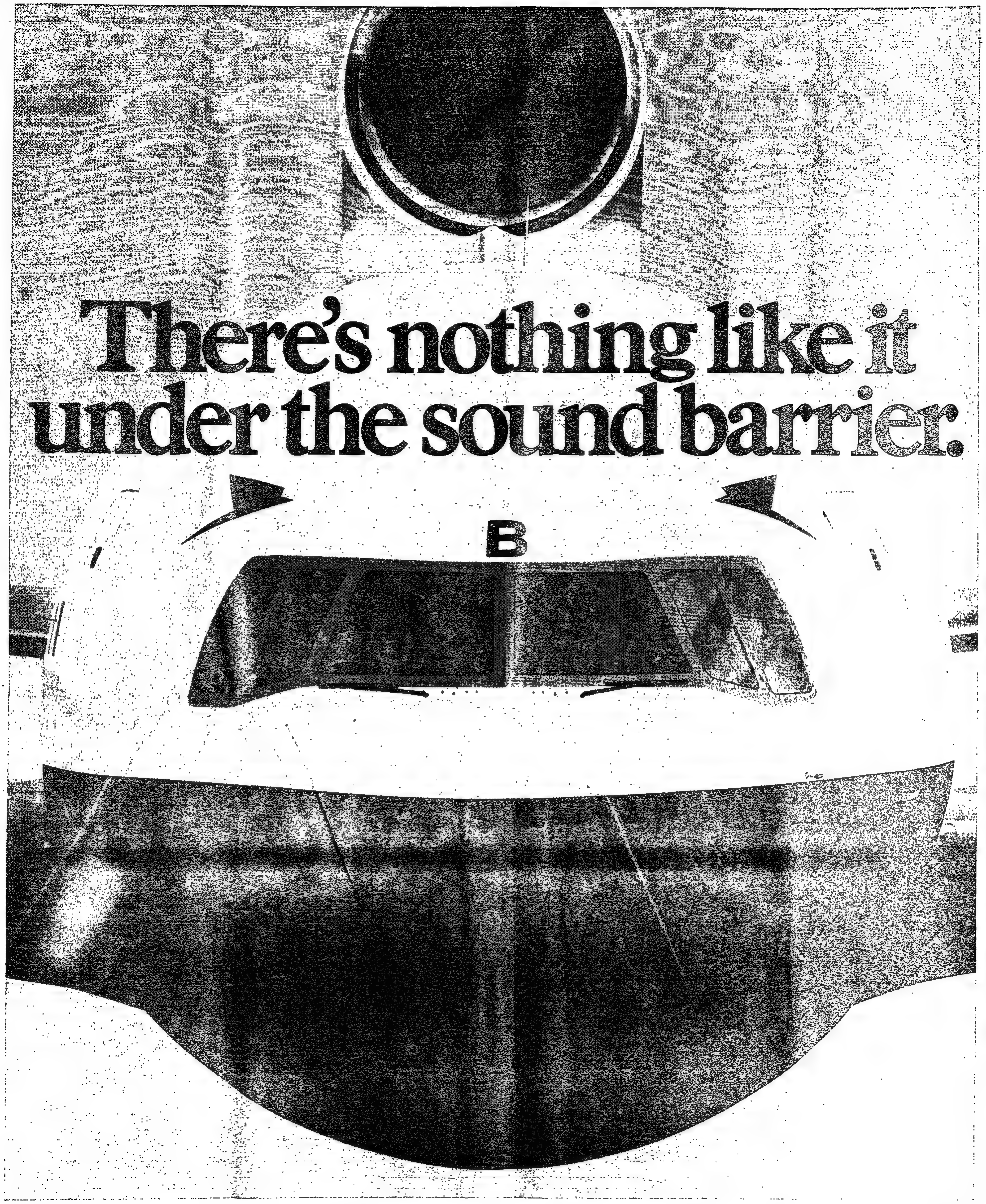
Mr. Brown said that the removal of constraints which have hindered the emergence of an over-the-counter market seemed "pretty undesirable," though he did not rule out the emergence of such a market in Britain.

Professor Bain, who has consistently been this committee's most active inquisitor, asked the Stock Exchange chairman whether there was not an inconsistency between the desire to preserve the Stock Exchange as the central market for British securities and the desire to compete in providing a market for securities overseas. Did not international competition imply fragmentation? Mr. Goodison conceded that it might but argued nevertheless that "excessive fragmentation has dangers for adequate regulation."

The committee asked whether the decline in the number of jobbers had yet effected the liquidity and competitivity of the market. Sir David Orr asked: "If you eventually get down to the three or four jobbers does not the system then break down and does not the logical development then go to direct dealing by brokers?"

Mr. Goodison replied: "If we thought there was not adequate competition in the market we would take steps to change the dealing system. I do not believe in answer to the second part of your question that that necessarily implies a dual capacity system.

I think it could be that we would have to devise some form of system which tried to keep the capacities (of market making and broking) separate. Whether in fact in 10 or 12 years time it would be possible, I do not know."



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UK NEWS — LABOUR

Ambulance settlement ends health dispute

BY PAULINE CLARK, LABOUR STAFF

THE TEN-WEEK-OLD pay dispute affecting all the major groups of employees in the health service came to an end yesterday when unions finally accepted a pay offer to Britain's 17,000 ambulancemen.

Formal agreement on the 9 per cent offer with £1 in advance of a comparability study followed a staff side meeting in which the National Union of Public Employees was again outvoted by the other three healt hservice unions. The decision was taken by 11 votes to eight.

The union, which has conducted a lone campaign of continuing industrial action by its health service members in *pursuit of a better deal over a* fortnight, said it would call off selective action by members in the ambulance service "as soon as possible."

On Wednesday it decided to end action by hospital ancillary workers after being similarly outvoted on the unions' staff negotiating body.

It was *also* outvoted by *other* unions earlier this week when agreement was reached on a 9 per cent deal for 400,000 nurses and midwives but with £2.50 on acocunt ahead of a comparability study.

The union has come under *mounting pressure over the past* week to toe the majority line with other health service unions in the run-up to a general election.

The Confederation of Health Service Employees, the General and Municipal Workers Union and the Transport and General Workers Union were anxious to see the deal signed before the election.

It was also felt that time was running short for compiling evidence to be submitted to the Standing Commission on Pay Comparability. Any further payments to public service workers will be made in two stages in August this year and April, 1980.

The ambulancemen are hoping to be given emergency status in pay alongside the police and firemen. Yesterday's decision should lead to a gradual return to normal working but uncertainty remains as to how quickly the special problems of the South Glamorgan and Gloucestershire ambulance services will be resolved.

In both cases, health authorities have taken a tough line *and refused to pay ambulance*men who refused to return to normal working. This has led tot he withdrawal of emergency services as well.

Union row hits nursing college

BY PAULINE CLARK, LABOUR STAFF

THE Royal College of Nursing has become entangled in a row over union recognition a few weeks before it debates affiliation to the TUC.

The confrontation with a section of its staff came to a head recently when the college's council decided to reorganise the RCN Staff Association as a negotiating body. It refused to recognise other unions, in particular the TUC-affiliated Association of Scientific, Technical and Managerial Staffs.

The RCN and ASTMS have been at loggerheads for two years after clashes between their representatives on joint area health authority negotiating bodies.

In some cases ASTMS negotiators refused to sit down at *joint meetings* with RCN representatives present. A new joint consultative procedure, allowing non-affiliated unions to share the same negotiating table with affiliated ones has only just been finalised.

In the latest row, ASTMS has threatened to refer the matter to the Advisory Conciliation and Arbitration Service under section 11 of the Employment Protection Act. The union has also warned of industrial action.

But so far the council has stood firm on its decision, apparently on the grounds that membership of ASTMS is too small. It has about a dozen members in the Labour relations *department of the RCN's London* headquarters, while the staff association claims nearly 50 per cent of the total 250 staff.

The RCN said yesterday that high-level talks were going on. These are likely to include consideration of the embarrassing position the RCN might be in should its annual conference debate on TUC affiliation on 23 April lead to an application to Vthe TUC this year.

Perkins workers walkout

Financial Times Reporter

KEY WORKERS walked out at the Perkins diesel engine plant in Peterborough yesterday in a pay dispute. The strike halted production in many areas and most of the 2,000 nightshift workers were made idle.

Shop stewards representing *7,000 workers at the factory* are demanding increases on their basic rates, more pay for holidays and overtime and an additional increase to give them parity with Massey Ferguson workers in Coventry. The package would cost £30 a week.

Imminent

Perkins' reply is imminent and although no details have been relased, it is expected to be well short of the men's claim. Shop stewards have called a mass meeting for today to discuss the reply.

Pay parity has been an emotive issue at the plant for six years and the claim has been put forward each year without success, in spite of industrial action which closed the plant for a month in 1973.

UNION ELECTION REACTIONS

Tory win 'would hit TUC talks'

THE CURRENT round of Government-TUC talks had been constructive; laying the basis for an agreed economic assessment in the future, Mr. Clive Jenkins said yesterday.

But the general secretary of the Association of Scientific, Technical and Managerial Staffs, said he presumed the return of a Tory Government in May would mean the inevitable end of such talks.

Mr. *Jenkins, a member of the* TUC economic committee, was introducing his union's quarterly economic review, which criticises the Government's current economic policy as "focussed entirely on seeking to reduce inflation." Other *objectives, the review says,* "have been abandoned or subordinated to this aim."

Rather than seeking higher growth and a return to full employment through an expansionary fiscal policy, the Chancellor, Mr. Denis Healey, was "leaving these objectives to the *whims of the market*" and to factors outside Treasury control.

"The Government must take action to gain control over the economy rather than have passive responsibility, must reassert its objectives in terms of higher output and employment and embark on a reflationary strategy."

The association's review—prepared in expectation of a full Budget next week—calls on the Government to take account of the employment-creation effects of public expenditure. A £2bn increase in areas like the health service and housing could directly create 400,000 jobs, with others in supplier industries.

A call for import controls is repeated, and yesterday Mr. Jenkins said he hoped this would become an issue in the election. The review says that the vital sectors for controls are motor vehicles and components, scientific equipment, machine tools, footwear, clothing, special steels and consumer electrical goods.

Controls should be imposed through import penetration ceilings and should "discriminate particularly against unfair foreign competition and countries which persistently have exported their unemployment problem." The system could be monitored through sector working parties and the monthly TUC meetings with the Government.

Print union advertising boycott was unlawful, QC declares

FINANCIAL TIMES REPORTER

THE National Graphical Association's boycott of organisations advertising in the Nottingham Evening Post was unlawful at common law, Mr. Peter Scott, QC, told the Court of Appeal yesterday.

The union and the newspaper are in dispute over recognition.

Newspapers and several leading advertisers are opposing an appeal by the NGA after a High Court temporary order on the union to lift its blacking.

Mr. Scott, on behalf of national newspapers, submitted that the union's conduct was an inducement to break employment contracts between national newspapers and their NGA men, it was unlawful as an interference with the business of national newspapers; it might be an inducement to break contracts between the newspapers and their advertisers; and it was an interference with the freedom of the Press.

He was addressing Lord Denning, Master of the Rolls; Lord Justice Lawton; and Lord Justice Geoffrey Lane.

The union, Mr. Scott said, had instructed members not to handle copy from organisations that advertised in the *Nottingham Evening Post.*

He continued that it was not uncommon for a party suffering damage to seek a temporary injunction, as had the newspapers, pending determination of the dispute. The temporary injunction involved not injustice to the NGA.

He attacked the union's assertion that its rule about members not assisting an "antagonistic employer" was incorporated in the men's employment contracts.

Many NGA members at the Nottingham paper carried on working when called on to take industrial action. They had been expelled *from the union* but were still working for the newspaper and were among the group of people for whom the NGA claimed the right to negotiate.

Although the NGA had agreed in 1973 to reinstate expelled members, it had still not done so.

The explanation that the union offered, Mr. Scott said, was that management would not allow a union official to give expelled members copies of rejoining forms. "I say this is a pretext."

It *had become increasingly* obvious that the case concerned Press freedom. The union said that it was not its policy to interfere with the freedom of the Press, but that assertion was contradicted by the evidence.

The hearing continues today.

NATSOPA leaders called in by Times

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS management yesterday asked national officials of the National Society of Operative Printers, Graphical and Media Personnel to intervene in part of the negotiations which it is hoped will lead to a resumption of publictaion next month.

The request to NATSOPA leaders has been made following lack of progress in talks with the union's 540-string Sunday Times machine chapel (office section). A meeting between management and chapel representatives on Tuesday ended with both sides unhappy about the outcome.

This is the first occasion on which Times Newspapers management has referred a problem to a union headquarters for assistance since it resumed negotiations on the basis of a formula agreed with Mr. Albert Booth, Employment Secretary, earlier this month.

Although the resumption of negotiations provided the first breakthrough since publication of The Times, the Sunday Times and the Times supplements was suspended on November 30 there is no certainty that the talks will succeed. At this stage negotiators are not prepared to describe themselves as optimistic.

Under the formula reached with Mr. Booth, the negotiations are aimed at a resumption of publication by April 17. Issues unresolved by April 7 will be referred to the Advisory Conciliation and Arbitration Service. This is, however, for efforts to be made at conciliation and not for binding arbitration.

Final offer of 3½% to oilmen

THE 1,500 construction workers at a Highland oil platform yard who have been on strike for almost two months have been given a final offer of a 3½ per cent increase on top of the 5 per cent accepted last November.

The offer came after meetings in London between senior management of the company, Highlands Fabricators, and union officials. Now the offer will be put to a mass meeting of the workforce.

Murray confident

BY CHRISTIAN TYLER, LABOUR EDITOR

THE NEW understanding between the TUC and the Government that had emerged from a "rough winter" was the way for Britain to win through, Mr. Len Murray, TUC general secretary, said yesterday.

Speaking from Brussels, Mr. Murray said he was sure that Labour's defeat in the confidence vote did not mean it would be beaten at the polls.

"A joint agreement to work over the next three years to bring inflation down to 5 per cent, the agreed programme for an annual review of economic issues with monthly meetings to monitor progress, and the new agreed arrangements for determining sensitive pay problems in some public services, are all signs that long-term commonsense solutions can be found, however difficult the immediate problems may be.

"This sort of understanding is obviously the way forward for both sides of industry."

Mr. Murray said the Labour Government was entitled to look to the country for support, and he was confident it would get it.

ENERGY REVIEW: THE NORTH SEA

BY KEVIN DONE

Licensing policy under the microscope

WITH THE conditional award this week of 42 new exploration blocks on the UK continental shelf, the Government is clearly hoping that the latest round of licensing can be completed in time for the new acreage to *give a belated boost to exploration* activity before the end of the year.

Before the licence awards can be confirmed, however, complicated negotiations must still be completed between the oil companies and the Department of Energy on a detailed work programme for each block. And the companies must also complete a Joint Operating Agreement with the British National Oil Corporation. As the chief executive of one successful oil company applicant said yesterday: "It's one thing to apply for acreage, but it's an entirely different matter to agree on how many wells you are going to drill. A lot of people are busy securing acreage, but it's not clear what work they will take on."

In its relatively short life the North Sea oil industry, and in particular the supply and service companies, have suffered badly from wildly fluctuating rates of activity. Successive Governments have tried to even out the pattern of work, but with little obvious success.

After the massive distribution in the Fourth Round under the *Tories in 1971-72, when a total* of 282 blocks were awarded out of the 421 blocks originally offered, there was a long hiatus once the industry had digested the new acreage. More recently the Labour Government has established a licensing policy of offering small allocations of new territory at about 18 month levels.

Licensing policy has been used as a major tool in Governments' attempts to control the rate of exploration and development work as well as to gain a greater equity stake for the State in the country's offshore oil industry. As a result in the Fifth Round, which was offered in 1976/77, the British National Oil Corporation was given an automatic majority stake in all new licences. Originall 71 blocks were offered, but only 44 of these were finally awarded. In the present Sixth Round this policy has been continued. A total of 46 blocks were offered last August—the smallest licensing round since exploration began in 1964—and 42 have now been conditionally awarded.

As the tables show, it has been taking longer to develop the later North Sea discoveries. In most oil provinces it has been found that later finds have normally been exploited more quickly than earlier discoveries because of the rapid gain in experience and the development of technology. According to Mr. Peter Gaffney, of the Dallas-based petroleum consultants Gaffney and Cline, many of the delays can be put down to legislative change and uncertainty. But he maintains that the UK North Sea is still one of the most attractive exploration provinces in the world, even with the threat of increased rates of petroleum revenue tax and tighter licensing conditions.

Even without a General Election this year it was inevitable that licensing policy would come in for a detailed re-examination.

To help in its re-assessment the Department of Energy has already asked the oil companies and the British National Oil Corporation to submit their ideas on how licensing policy could best be changed.

Through the UK Offshore Operators Association, the oil companies have already made their views abundantly clear. According to the last UKOOA paper submitted to the Department on the development of the UK continental shelf, "a continuing provision of good exploration acreage is necessary to maintain a satisfactory level of exploration activity, i.e., 60-95 drillable prospects per year. The policy for the last two rounds has been to offer very few blocks (71-46) every two years, compared with a rate corresponding to an average of 442 blocks every two years in the previous four rounds of licensing"

Such exhortations carefully ignore the fact that all oil companies like to have the maximum acreage possible "in the bank." The allocation of territory alone does not ensure that companies will rush to drill all their new blocks. Indeed in the last round the obligatory work programmes agreed with the Department only called for about 50 initial wells to be drilled on the 44 blocks. And companies have up to seven years to comply with this obligation.

Lord Kearton, the chairman of BNOC, differs with the UKOOA approach on a more fundamental point. In reply to the call for more exploration acreage, Lord Kearton says simply: "The short question is what acreage?" Two-thirds of the acreage that anyone thought was reasonably promising has been licensed in the first four rounds.

"The idea of treating the number of exploration wells drilled as a virility symbol is misguided. The problem is how to develop the oil that has already been located, not to find more," Lord Kearton said yesterday. "There are 8-11bn barrels of oil to the West of the Shetlands but no one has any *idea of how to get at them.* The idea of finding oil in bigger accumulations than we are already sitting on is not logical. We must find ways of developing the smaller accumulations, where there are no schemes at the moment."

Lord Kearton is now questioning the whole idea of having formal licensing rounds, which are inevitably long drawn out procedures. The present round will take at least a year from acreage being offered to blocks finally being awarded. He suggests a system in which companies would be free to come forward with applications for new acreage, whenever they feel they have identified an attractive prospect—in effect one continuous licensing round.

The Department is likely to reject such a scheme on the grounds that it would hardly offer full and fair opportunities to all companies to bid for all acreage. But it will probably be much more eager to look at ideas for prompting companies to explore more rigorously on those blocks already licensed.

"The amount of acreage lying fallow from previous rounds is enormous," said Lord Kearton. "The area that has never been explored using today's more modern technology is very big, and far greater than *what is being allocated in the* present round. Companies like to have acreage in the bank, but they are not all running to work on it." Mechanisms do exist in present legislation which would allow the Government to encourage companies to be a little more rigorous in drilling their existing allocations. But the system is cumbersome and has never been activated. The present financial penalty for companies holding on to acreage rather than relinquishing it to the Government is very small.

It is also becoming clear that BNOC is not particularly keen on being saddled with a 51 per cent equity interest in every new block allocated. It would like to be able to exercise some discretion according to its judgment of the worth of a particular area. This approach might deflect Mr. Anthony Wedgwood Benn, the Energy Secretary's, aim of increasing the State's equity holding in licensed territory, but it could help reduce the rather outlandish size of BNOC's future exploration budget. This could well reach £75m a year or more in the 1980s, just on the UK Continental Shelf.

One of the novel features of the latest licensing round was that oil companies were asked to bid to carry some of BNOC's exploration costs or to offer it added equity. The carrying of costs could prove attractive, but the offer of increased equity would in effect bump up BNOC's exploration costs even further—"a reverse carry"—and might well be abandoned. Cluff Oil, for instance, which has been awarded block 20/8 in the North Sea, offered a total of 65 per cent equity to BNOC, but it appears the offer may be spurned in favour of a simple 51 per cent BNOC majority.

The detailed future of licensing policy will clearly depend greatly on the next Secretary of State for Energy. If the Tories win the election the chance of Mr. Tom King, the Conservative Party energy spokesman, taking the job are held by colleagues to be quite good. But Mr. Peter Walker is also fancied for the post, and Mr. John Nott, the shadow Trade Minister, appears to be in the running. But then his name is being mentioned for most jobs.

U.K. OFFSHORE OIL FIELDS ON OR APPROACHING PRODUCTION

Field	Date Block Licensed	Disc. Date	Date on Stream	Lease Date to Disc. (yrs)	Lease Date to on Stream (yrs)	Rec. Reserves mn bbls	Orig. Cost Est. $US mn	Latest Cost Est. $US mn	Cost/bbl $US
ARGYLL	Nov 65	Aug 71	Jun 75	5·75	9·6	30	70-75	110	3·67
AUK	Jun 70	Feb 71	Feb 76	0·66	5·66	50	190-200	120	2·0
BERYL	Mar 72	Sep 72	Sep 76	0·5	4·5	500-750	—	750-800	1·24
BRENT	Jan 70	Jul 71	Nov 76	1·6	6·5	2200	1900-2450	4600	2·10
CLAYMORE	Mar 72	May 74	Nov 77	2·2	5·66	420	480	630	1·50
DUNLIN	Mar 72	Jun 73	Aug 78	1·25	6·5	365	540	960	1·64
FORTIES	Nov 65	Oct 70	Nov 75	5·0	10·0	1800	940	1460	0·81
HEATHER	Mar 72	Nov 73	Aug 78	1·66	6·5	150	—	450	3·0
MONTROSE	Sep 64	Sep 69	Jun 76	5·0	11·75	110-170	120	250	1·75
NINIAN	Mar 72	Jan 74	Nov 78	1·75	6·2	1200	2270	2910	2·42
PIPER	Mar 72	Jan 73	Dec 76	0·75	4·75	700	610	750	1·07
THISTLE	Mar 72	Sep 72	Jan 78	0·5	5·8	500	600	1000	2·0
				Av. 2·17	6·94				

OTHER U.K. OFFSHORE OIL FIELDS UNDER DEVELOPMENT

Field	Date Block Licensed	Disc Date	Est. Date on Stream	Lease Date to Disc (yrs)	Lease Date to on Stream (est. yrs)	Rec. Reserves mn bbls	Orig. Cost Est. $US mn	Latest Cost Est. $US mn	Cost/bbl $US
BEATRICE	Mar 72	Aug 76	81	4·5	9	200	250-300	460	2·30
BUCHAN	Mar 72	Aug 74	79	2·5	7	145	140	250	1·72
CORMORANT	Mar 72	Aug 72	79	0·5	7	500	—	860	1·63
N. CORMORANT	Mar 72	Aug 74	82-83	2·5	10-11	—	—	—	—
FULMAR	Jan 70	Jan 77	81	7·0	11	300	520-580	640	2·13
MAGNUS	Mar 72	Jun 74	82-83	2·25	10-11	450-700	1940	2100	3·65
MURCHISON	Mar 72	Sep 75	80	3·5	8	475	730-780	960	2·02
TARTAN	Mar 72	Dec 74	80	2·75	8	350	—	430	1·23
MAUREEN	Jan 70	Feb 73	81-82	3·0	11-12	—	—	—	—
				Av. 3·2	9				

SOURCE: GAFFNEY, CLINE & ASSOCIATES

CONDITIONAL AWARDS OF 6th ROUND BLOCKS (BNOC has majority interest in each licence)

Phillips Petroleum Exploration UK, Hispanoil UK, Century Power and Light—73/7;
Phillips Petroleum Exploration UK, Fina Exploration, Agip (UK), Century Power and Light, Ultramar Exploration, The British Electric Traction Company—13/30;
Occidental of Britain Incorporated, Getty Oil (Britain), Allied Chemical (GB), Thomson Scottish Petroleum—13/28;
Monsanto, Amerada Exploration, Charterhall Oil—73/9 (S.W.);
Tenneco GB, Albright and Wilson—20/6;
Ultramar Exploration, Houston Data Venture (UK), Canadian Pacific Oil and Gas of Canada (UK)—13/29;
Mobil North Sea—209/3, 209/13, 16/18;
Unocal Exploration and Production Company—13/12;
Arpet Petroleum—20/1, 14/26;
Pan Ocean Oil (UK), Bow Valley Exploration, Kerr McGee Oil (UK), LL and E (GB), Siebens Oil and Gas (UK), Canadian Ashland (UK)—16/3b;
Swedish Petroleum—73/1*;
Chevron Petroleum Company, ICI Petroleum—73/8;
Tricentrol North Sea, Blackfriars Oil Company, Hamilton Bros. Oil Company (GB), Hamilton Bros. Petroleum (UK), Hamilton Bros. Exploration (UK), Hispanoil (UK), Oil Exploration (Scotland), Swedish Petroleum—208/23;
Burmah Oil Exploration, Charterhouse Petroleum Development, Petroswede (UK), Canadian Industrial Gas (UK), DSM Hydrocarbons, Norsk Hydro Oil and Gas—20/2;
Amoco UK Petroleum, BGC, Mobil North Sea—85/28*, 72/30, 73/16*, 85/23, 85/24 and 87/11;
BP Petroleum Development—208/15;
Gulf Oil Corporation—209/6;
Placid Oil (GB), Ensearch International Exploration—74/2, 73/11 and 73/12;
BGC, Amerada Exploration, Texas Eastern (UK)—42/27, 47/3c, 47/4b and 47/9b;
BGC, Amoco UK Petroleum—208/19, 206/3 and 208/24;
*BGC—214/26, 74/1;
Cluff Oil, CCP North Sea Associates, Strafton Oil Exploration—20/8;
Total Oil Marine, Deminex Oil and Gas (UK), Pict Petroleum—208/26*;
Shell (UK)—209/7 and 206/2;
BP Petroleum Development, Total Oil, Marine, Elf Oil Exploration and Production, Aquitaine Oil (UK)—85/29;

*No BNOC participation — BGC State-owned.

FOOD PRICE MOVEMENTS

	March 29 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,090	1,090	1,140
British A.1 per ton ...	1,035	1,035	1,065
Irish Special per ton...	—	—	1,065
Ulster A.1 per ton‡ ...	1,035	1,035	1,065
BUTTER			
NZ per 20 kg	14.11/14.24	—	14.11/14.24
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	83.10/85.85	83.00/85.85	83.10/86.35
CHEESE¶			
NZ per tonne	—	—	1,255/1,275
English cheddar trade per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	3.10/3.40	3.40/3.60	3.10/3.30
Size 2	3.30/3.60	3.70/4.10	3.20/3.40
	March 29 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	54.0/59.0
Eire forequarters	34.0/38.0	38.0/40.0	40.0/44.0
LAMB			
English	60.0/74.0	56.0/65.0	58.0/66.0
NZ PLs/PMs	47.5/49.0	47.5/49.0	47.5/49.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery March 31-April 7.

UK NEWS—PARLIAMENT and POLITICS

Electioneering season starts early

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Prime Minister announced yesterday that the general election campaign will start officially with the dissolution of Parliament on Saturday, April 7.

Unofficially, however, hostilities opened during question time in the Commons a few hours later as MPs threw aside all restraint and went in for unabashed electioneering.

Everyone seemed to be indulging in that particularly depressing brand of self-righteousness that descends on politicians who are about to face the voters.

Mr. Peter Viggers (C., Gosport) asked the Prime Minister to give a better deal to the armed forces, even it is was only to win votes in the marginal military constituencies of Chatham, Devonport and Portsmouth North.

Indignantly, Mr. Callaghan made it clear that such squalid considerations could not be further from his mind.

"If either side were to engage in a Dutch auction, in giving excessive wage increases, then the future of the country would be very bleak," he observed haughtily.

Then, almost in the same breath, he cast aside his own self-denying ordinance by announcing that the Cabinet had decided to make a better wage offer to the civil servants, whose selective strikes are proving such a severe liability to the Government.

"It will be more in accordance with what we think is appropriate, although far less than they are demanding," he explained.

But, if a Dutch auction was indeed under way, Mrs Margaret Thatcher, the Conservative leader, was not going to be left out of the bidding.

She immediately jumped to her feet to say that if the Tories were returned to power, they would honour the promise of higher old age pensions in the autumn, which Mr. Callaghan had announced the previous night.

During the exchanges which followed, the outline of Labour's election strategy began to emerge, as Government back benchers fed convenient questions to Mr. Callaghan.

The Prime Minister harped heavily on the theme that a Conservative administration would withdraw Government assistance from essential industries and cause confrontation with the unions.

Once more, he delivered a hefty wallop at the Common Market.

In his best John Bull manner, he sympathised with an allegation from Labour anti-Marketeer Mr. Nigel Spearing that the EEC Commission might claim ownership of all nuclear material in Britain.

"May I say quite clearly that it would be totally unacceptable to the Government," he assured him.

Mr. Callaghan also smacked his lips over an article which appeared in yesterday's Telegraph from Mr. Jock Bruce-Gardyne, the newly-elected Conservative MP for Knutsford and a leading monetarist.

According to the Prime Minister, the article advocated that a Tory Government should scrap regional development grants, aid to industry, and index-linked old-age pensions.

Gleefully, Mr. Callaghan surmised that Mrs. Thatcher would find herself in complete sympathy with these aims.

Nevertheless, he solemnly hoped that the election would be fought on issues, not personalities — a remark which left Tory MPs with the suspicion that private polls at Transport House must be showing a rise in Mrs. Thatcher's personal popularity.

FRUITLESS EFFORT: The Treasury team which spent weeks preparing the Budget which would have been presented next Tuesday but will not now be unveiled. They were photographed earlier this week in the Chancellor's Treasury office.

On the near side are the politicians who have been responsible for well over a dozen budgets and major economic statements since March 1974.

From front right to left, Mr. Denis Healey, the Chancellor, Mr. Joel Barnett; the Chief Secretary to the Treasury; Mr. Robert Sheldon, the Financial Secretary, and Mr. Denzil Davies, Minister of State.

On the far side is the civil service team of Permanent and Second Permanent Secretaries. In the middle is Sir Douglas Wass, Permanent Secretary since 1974. On the far side (left to right) are Mr. Ken Couzens, responsible for overseas finance; Sir Lawrence Airey, responsible for the domestic economy, notably the industrial strategy; Sir Douglas; Sir Anthony Rawlinson, in charge of public spending; and Sir Fred Atkinson, Chief Economic Adviser.

Simultaneous polling will delay news of results

BY IVOR OWEN

YEARS THAT confusion and doubt might be caused by the decision to hold simultaneous polls on May 3 for the general election and for local government elections in most of England and Wales were discounted by Mr. Merlyn Rees, the Home Secretary, in the Commons last night.

He admitted, however, that declaration of general election results in urban constituencies outside Greater London is almost certain to be delayed, possibly by an hour or more.

After an initial dispute over arrangements, which led to the Press's being given details about the short Bill needed to authorise combined elections before Parliament itself heard, most Conservative MPs accepted the election time-table without protest.

However, some Opposition backbenchers, still delighted at the overthrow of the Government on Wednesday night, bemoaned the fact that the nation would be kept waiting longer than had been anticipated for the news of a Tory victory and Mrs. Margaret Thatcher's entry into 10 Downing Street as Britain's first woman Prime Minister.

Mr. Rees explained that the Bill, to be published today and rushed through all its stages in the Commons on Monday, would make several changes to assist the holding of the Parliamentary and district council elections on the same day.

The same polling stations, those normally used for Parliamentary elections, would be used for both elections. Mr. Rees emphasised that the Parliamentary ballot paper would retain its original colour, shape and form, with the addition of the words "Parliamentary Election," and "You may vote for no more than one candidate," at the top.

The hours of polling for local government elections would be extended to be the some as those for Parliamentary elections; 7 am to 10 pm.

Mr. Rees told MPs that the delay in declaration of results in urban constituencies outside London and Scotland would arise from the need to separate the balance between the two elections.

The Bill would defer parish or community council elections for three weeks: to Thursday, May 24.

Replying to Mr. William Whitelaw, the deputy Opposition Leader, the Home Secretary stated that the Government had decided against postponing the district council elections because campaigning had started and much money had been spent by the parties.

Answering other questions, Mr. Rees hinted that, but for the Government's defeat on the no confidence motion, the Prime Minister would have called the General Election for June 7, the date for the first direct elections to the European Parliament.

● The National Association of Local Councils reacted angrily yesterday to the Government decision to postpone 8,000 parish council elections from May 3 to May 24. The Government is likely to face a bill for up to £250,000 as a result of its decision, which, the association said, had been taken "without any consultation."

Shadow Cabinet puts last touch to manifesto

BY ELINOR GOODMAN, LOBBY STAFF

THE SHADOW Cabinet met yesterday morning to complete details of the manifesto that will form the basis of its appeal to the electorate.

The Labour Party will meet to hammer out the final shape of its manifesto—altogether a bloodier process—towards the middle of next week.

The two documents should be ready for publication in the week beginning April 9.

The manifestos of the Liberal Party and the Scottish Nationalists are also well advanced.

AGGRESSIVE

The Tory Party's research department was ready with the broad outline of a manifesto in October for the election that never was. Its main themes seem to have changed little then. Echoing earlier election messages, they look like fighting on a combination of the "one nation" theme and the need for a general economic revival based on free entherprise.

Important changes have been made to particular policies since October, although not perhaps as many as some of Mrs. Thatcher's more aggressive statements on issues such as the unions would suggest.

The Shadow Cabinet apparently approved with little discussion yesterday a change that makes clear that the Conservatives believe there is no role for Government intervention in the private sector pay round, thus clearing up some of the uncertainty that would probably have still surrounded the issue in the October manifesto.

However, phrases such as "unfettered free collective bargaining," which were being frequently used by some senior Conservatives about November last year, are unlikely to be aired.

Instead, the updated manifesto may go back to the idea in The Right Approach to the Economy of giving the unions and other interested parties the opportunity to discuss what the economy can afford.

Changes are also understood to have been made to the passages dealing with Europe since the autumn. They are believed to reflect the generally more critical attitude that Front Bench spokesmen have been allowed to voice recently in the wake of what the Prime Minister portrayed as his triumphant return from the Paris summit.

The most obvious change to the proposed October manifesto is simply one of size. Instead of 12,000 words or so, the final document looks like being nearer 7,000 in length.

That is apparently thought to be in keeping with the more austere measures that will be offered. Central Office research staff have evidently decided that the mood of the country is such that it wants action, not words.

By all reports, the Conservative manifesto is almost ready to go to the printers. Much more work has to be done to the Labour manifesto.

The party's Left-wing dominated executive produced a document some months ago that they would like to form the basis of the party's election appeal. It included a commitment to creating about 1m new jobs with the objective of restoring full employment, also proposals for further nationalisation and other causes dear to Labour conferences.

Some Ministers have made plain that they do not believe that the proposals would help much towards winning an election, and skirmishes have taken place between Ministers and members of the executive in an attempt to settle their differences.

So far, however, the meetings, instigated by the Prime Minister, have tended to avoid the really difficult issues such as pay and inflation.

To the annoyance of Left wingers, the Prime Minister has succeeded in postponing to the last minute the clause 5 meeting of the full executive and Cabinet at which the final contents of the manifesto are agreed. The assumption is that with an election only a month away, Mr. Callaghan will be able to persuade the executive to drop some of its more radical ideas.

Even so, the Left, with the support of Ministers such as Mr. Anthony Wedgwood Benn, Energy Secretary, are confident that they will succeed in pushing the manifesto further to the Left in certain key areas.

They believe that the Cabinet will see the electoral advantages in toughening up on the EEC, although not to the extent of threatening withdrawal. They also hope that the Party's commitments to statutory planning agreements and the abolition of the House of Lords might survive next week's Clause 5 meeting.

Lost legislation

THE SUDDEN election forced on Mr. Callaghan means the certain death of some legislation the Government hoped to pass before going to the polls.

If the Tories win the election little of it is likely to reappear, and even if Labour stays in power it will have to start all over again on the unfinished Bills.

Commons Leader Michael Foot's announcement yesterday of the legislation the Government planned to rush through next week caused uproar in the Lords.

Mr. Foot hurried to the Lords for urgent talks, and peers adjourned twice as the issue was thrashed out.

Among the ranks of the "lost," it seems, are:

The Education Bill, which reformed school governing bodies and dealt with the problem of falling school numbers and the controversial issue of parental choice of schools.

The Industry Bill, to increase borrowing powers of the National Enterprise Board.

The Bill to make wearing of seat belts compulsory.

Among the "saved" are—

The Estate Agents Bill, to protect housebuyers from unprofessional practices of estate agents.

The Merchant Shipping Bill, to improve discipline and safety at sea and tighten up anti-pollution measures.

A Bill for a new body to control discipline and standards among nurses, midwives and health visitors.

Mr. Foot told MPs that the Government might seek approval for "other urgent measures" next week.

Trouble in the Lords stemmed mainly from Conservative concern that the function of peers as a revising Chamber might be sidestepped, particularly on major Bills.

This has happened in the past, and the Bills concerned have been what some Tories class as "a lawyer's paradise" ever since.

When the plans were announced in the Lords, Lord Carrington, Tory leader, instantly charged the Government with attempting a "rubber-stamping operation."

He said: "They should not be allowed to railroad Bills through the Lords if peers are not prepared to allow it.

"It is totally wrong to try to get the House of Lords to rubber-stamp Bills we have not even looked at. It is totally wrong and unconstitutional unless there is good reason."

He complained that they were asked to pass in two days at least seven Bills which had not even had a Second Reading in the Upper House.

Powell attacks Tories

ULSTER UNIONIST MP Mr. Enoch Powell denied yesterday that he had ever "done the dirty" on his former Conservative colleagues. But he said he had been tempted sometimes to "cock a snook" at them.

"But I have always been able to refrain" he said on ITN's News at One programme.

As for "doing the dirty" on the Tories, it was his view that it was they who had done the dirty on the country by persistently doing the opposite to what they promised in election addresses and particularly by concurring—more than concurring—in stripping Britain of its national independence inside the European Economic Community.

He explained why he had lent his weight to getting the Government out in the confidence debate in the Commons.

The Ulster Unionists, he said, had two criteria — national interest and the interest of Ulster.

So far as the national interest was concerned, "we couldn't see that there was any big difference between one more month, two or three, of this Parliament."

Labour aims at £1m campaigning fund

BY CHRISTIAN TYLER, LABOUR EDITOR

HE Labour Party will have at east £500,000 of trade union onations to add to the £500,000 ready in its general election ampaign fund.

In turn, the Conservative arty launched its own election ppeal yesterday. It hopes to ise £3m to £3.5m, though not l of that will necessarily be ent on the election.

Mr. Alistair McAlpine, the rty's treasurer, said 10,000 tters are being sent to comnies asking for donations. All we have in our election tty at present is the £50,000 e have raised today."

A party spokesman said sterday that it was looking r about £750,000 from the ions, but Mr. David Basnett, airman of the Trade Union ommittee for Labour Victory, opes to top £1m in special ion contributions.

Unions are sponsoring a cord 161 Labour MPs and other 36 Parliamentary candates in this election.

Indirect financial help will me from their loan of emises and time off for trade ion officials to work in the or 60 most marginal conituencies,

The national executive of the NUR yesterday voted a donation of £40,000 for Labour's campaign and hopes to raise another £10,000 from its branches. It urged all railway workers and their families to support Labour.

Other donations include: £150,000 from the Transport and General Workers; £102,400 from the AUEW, £100,000 from the General and Municipal Workers; £50,000 from the Association of Scientific, Technical and Managerial Staffs; £6,750 from the APEX clerical £6,750 fro mthe APEX clerical workers union; and £500 from the Textile Workers.

Michael Thompson-Noel writes: The Labour Party said yesterday it would spend up to £200,000 of its election fund on national and regional Press advertising and £100,000 on posters. The rest of the money would be channelled to the constituencies to help defray campaign expenses.

Labour's advertising budget of £300,000 contrasts with the estimated £2m to £3m the Conservatives are spending.

The Liberal Party is thought to have as little as £20,000 available for poster advertising.

Call for independent Ulster

BY STEWART DALBY IN BELFAST

A NEW political group in Northern Ireland which draws most of its membership from leading Protestant para-military organisations has released its long-awaited blueprint for an independent Ulster.

The New Ulster Political Research Group, in a 50-page document called Beyond the Religious Divide, proposes an independent U.S. presidential-style constitution with new political structures.

There would be an executive Prime Minister and deputy Prime Minister who would be elected separately from a single-House legislature.

The legislature, of possibly 100 people, would be elected on a proportional representation basis with single vote transference. This would mean the minority Catholics would be fairly represented and the new state would be non-sectarian, says the document.

The committee, which includes Mr. Andy Tyrie, the commander of the Ulster Defence Association, says the plan would need a massive financial commitment from Britain, possibly lasting another 25 years.

However, if both the British and Irish Governments accepted the plan, a peaceful withdrawal of British troops would be possible and the amount of money needed from Britain would gradually reduce as peace returned.

To support the argument that an independent Ulster would be economically viable, the blueprint includes two papers from leading economists.

One of the economists claims that with a subvention from Britain of £641m, excluding military spending, Ulster is receiving 40 per cent net over what it pays out in taxes and the like.

Before the troubles started in 1968, this figure was 15 per cent which, according to the economists, compared favourably with Scotland.

Sun forecast for Labour

A LABOUR election victory nd two sunny summers head for Britain were preicted in the Lords yesterday y a confident Lord Strabolgi, Government Deputy Chief Whip.

He offered the forecast in a uestion-time exchange with Lord Selkirk, a Tory peer, who asked whether the recent world climate conference had been able to throw ny light on the cause of Britain's icy winters.

On the Tory Front Bench, Lord Carrington, fresh from the Opposition's triumph on Wednesday, warmed to the subject and suggested that "the temperatures in the UK will probably rise in the next four weeks."

Lord Strabolgi responded: "Following the general election of October, 1974, we enjoyed two particularly good summers, and I have no doubt the next two summers will be equally as good."

CBI tests MPs' opinions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

FIVE-POINT questionnaire hich indicates the policies that e Confederation of British dustry wants to see implemented by the next Government to be published soon.

A circular is to be sent to e CBI's member companies commending that industialists should ask Parliamenry candidates whether they ree that personal taxation eds to be "drastically cut," at companies should become ore profitable, that the country eds a "saner pay system," at a "calm review" of labour lations should take place, and at the next Government should introduce fewer new laws than the present Labour administration.

In this way, the CBI will be highlighting its own policies at the start of the election campaign without actually publishing a formal policy document.

It intends to avoid being drawn closely into the debates of the campaign.

In the past, however, its director-general Sir John Methven has been outspokenly critical whenever the Labour Party has talked about pushing for fresh means of Government intervention in industry, for example through the introduction of planning agreements.

62 members to say goodbye to the Commons

BY PHILIP RAWSTORNE

Mrs. Barbara Castle Going to Europe

FIVE FORMER Labour Cabinet Ministers—Mrs. Barbara Castle, Mr. Michael Stewart, Mr. Cledwyn Hughes, Mr. Edmund Dell and Mr. William Ross—are among the 62 MPs who are to retire from the Commons at this election.

Mrs. Castle, the fiery red-headed MP for Blackburn, who now seeks a seat at Strasbourg, has personified much of the spirit of the Labour movement since she entered Parliament in 1945.

Within five years, her popularity with the party's rank-and-file carried her to a place on Labour's national executive which she has held ever since.

She was chairman of the Labour Party in 1958-59 and, despite her Left-wing views, won a place on the Opposition front bench under Hugh Gaitskell.

A close colleague of Sir Harold Wilson, Mrs. Castle was appointed to her first Government post as Minister of Overseas Development in 1964. She was promoted to Minister of Transport in 1965 and during her three years at the department, brought in the breathalyser legislation.

Mrs. Castle reached the peak of her political career with her appointment in 1968 as First Secretary and Secretary for Employment and Productivity. But within two years the appointment ended in personal political disaster with her White Paper, In Place of Strife, outlining the Government's plans for curbing union power.

Together with Harold Wilson, Mrs. Castle was defeated in a Cabinet battle over the issue and the proposals were abandoned. Mr. James Callaghan led the successful opposition.

After Labour's defeat in 1970, Mrs. Castle remained party spokesman on employment for a year but her strained relations with the unions led to her replacement. For a further year, she was social services spokesman but after failing to win a place in the shadow Cabinet elections in 1973, she retired to the backbenches.

Sir Harold rewarded her personal loyalty by bringing her back into the Labour Cabinet as Secretary for the Social Services in March, 1974.

Two years later, she was finally dismissed by Mr. Callaghan after he took over the leadership of the Labour Party.

Mr. Michael Stewart, who also entered the Commons in 1945 as MP for Fulham, held junior posts in the Attlee Government.

A former teacher, he established his place in the party hierarchy during the 1950s and early 1960s as spokesman on education and later on housing and local Government.

A mild, precise but able debater, he was appointed Secretary for Education and Science in the 1964 Wilson Cabinet but within a few months was promoted to Foreign Secretary when Mr. Patrick Gordon-Walker was defeated in the Leyton by-election.

Mr. Stewart became Secretary for Economic Affairs from 1966-67 and after a further year as First Secretary returned to the Foreign Office in 1968 on the resignation of Lord George-Brown.

His ministerial career ended with Labour's defeat in 1970 but he remained an influential backbencher and, until recently, led Labour's delegation to the European Parliament.

Mr. Cledwyn Hughes, MP for Anglesey since 1951, entered the Wilson Cabinet in 1966 as Secretary for Wales. In 1968, he was appointed Minister of Agriculture, a post he held until the 1970 general election.

A leading Labour pro-Marketeer, he lost his place on the Opposition front bench in 1971 and failed to gain a Government post when the Labour Government returned to office in 1974.

In 1976, Mr. Hughes successfully challenged Left-winger Mr. Ian Mikardo for the post of chairman of the Parliamentary Labour Party. He was re-elected for the second time last year, when he acted as Mr. Callaghan's special emissary to Rhodesia.

Mr. William Ross, the tough and taciturn MP for Kilmarnock, has gained a place in the political history book—as the longest-serving Secretary for Scotland.

He held the post throughout the Wilson Governments of 1964-70, served as Labour's spokesman on Scotland during the four years of Opposition, and returned as Scottish Secretary from 1974-76.

Mr. Edmund Dell, MP for Birkenhead since 1964, left the Cabinet only last November after two years in the post. He resigned to join merchant bankers Guinness Peat.

Also among the Labour MPs who are retiring is Mr. George Strauss, Father of the House of Commons and MP for Vauxhall.

Mr. Strauss, who is 77, was first elected for North Lambert in 1929 after losing by 29 votes in the 1924 election. He was defeated in 1931 but returned to Westminster in 1934 for another 44 years of unbroken membership.

Mr. Strauss held junior posts in the Attlee Government and has been a prominent member of many Commons committees.

Among former Conservative Ministers who are retiring is Mr. Joseph Godber, MP for Grantham since 1951.

Mr. Godber succeeded Mr. John Profumo as Secretary for War in the Macmillan Cabinet in 1963 and later, under Sir Alec Douglas-Home, became Minister of Labour.

From 1965-1970, he was the Tory shadow Cabinet's spokesman on agriculture, but returned to Government office as Minister of State, Foreign Office, from 1970-72, before being appointed Minister of Agriculture for the final two years of the Heath Government.

Mr. Richard Wood, MP for Bridlington since 1950, and Minister for Overseas Development throughout the Heath Government, also leaves the Commons at this election.

Retirement list

LABOUR

A. Blenkinsop (S. Shields), H. Boardman (Leigh). H. Boyden (Bishop Auckland), Sir A. Broughton (Batley) R. Buchanan (Springburn), Mrs. J. Butler (Wood Green), Mrs. B. Castle (Blackburn); Sir. G. de Freias (Kettering), E. Dell (Birkenhead). P. Doig (W. Dundee), A. Evans (Caerphilly). E. Fernyhough (Jarrow), Sir M. Galpern (Shettleston), C. Hughes (Anglesey). A Hunter (Dunfermline), C. Jackson (Brighouse), Mrs. L. Jeger (Holborn St. Pancras), R. Kelley (Don Valley), R. King Murray Leith), J. Lee (Handsworth), K. Lomas (Huddersfield W), S. Mahon (Bootle). J. P. W. Mallalieu (Huddersfield E.), M. Orbach (Stockport S). W Padley (Ogmore), E. Perry (Battersea S), C. Phipps (Dudley W). P. Rose (Blackby), H. Selby (Govan), M. Stewart (Fulham), G. Strauss (Vauxhall), F. Tomney (Hammersmith W), R. Tuck (Watford), D. Weitzman (Hackney N.), R. Woof (Blaydon).

SCOTTISH LABOUR

J. Robertson (Paisley).

CONSERVATIVE

D. Awdrey (Chippenham), R. Bennett (Fareham), Sir E. Brown (Bath), M. Clark Hutchison (Edinburgh S), J. Cockcroft (Nantwich), R. Cooke (Bristol W), P. Crowder (Ruislip) Sir B. Drayson (Skipton), Sir J. Gilmour (E. Fife), J. Godber (Grantham), A Hall-Davis (Morecambe), Sir H. Harrison (Eye). Miss B. Harvie-Anderson (Renfrew E). D. James (Dorset N), A. Jones (Daventry). E. King (Dorset S). J. Moore (Ludlow), Rear-Admiral M. C. Morgan Giles (Winchester), O. Murton (Poole). Sir D. Renton (Huntingdon). Sir J. Rodgers (Sevenoaks), Mr. J. Scott-Hopkins (Derbyshire W), Sir G. Sinclair (Dorking). R. Wood (Bridlington).

ULSTER UNIONIST

J. Carson (Belfast N).

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- open-minded and flexible outlook
- fluent knowledge of English
- preferably international experience
- willingness to stay for a minimum of 2 years

We can offer:

A varied job with a high degree of independence and responsibility
Generous financial rewards
Possibility of a top position in Europe upon completion of your stay in Hong Kong
You would undergo several months' training in Switzerland and European subsidiaries prior to taking up your post in Hong Kong.

Please send your application, curriculum vitae and photograph for the attention of Mr. Murer to

MARUWA ELECTRONIC AG
Pilatusstr. 14, CH-6002 LUZERN/Switzerland

DG BANK
Deutsche Genossenschaftsbank

SENIOR EUROBOND DEALER

DG BANK, located in Frankfurt (M), is an internationally operating bank providing comprehensive commercial and merchant banking services as the central bank and liquidity manager for a system of 4,600 local and nine regional banks we rank among the leading financial institutions in the Federal Republic of Germany.

The successful applicants should be familiar with the technicalities of the relevant markets and have a sound professional background. Knowledge of German is essential.

Competitive remuneration in accordance with experience and ability.

For further information contact: (0611) 2680-738.
DG BANK Deutsche Genossenschaftsbank, Wiesenhüttenstraße 10, Postfach 2628, 6000 Frankfurt am Main 1.

FRUSTRATED EXECUTIVE: What's stopping you?

Wrong job? Wrong company? Wrong people? Or could it be a wrong attitude—yours? You probably don't know. Unaided, you can't be expected to. Self-appraisal isn't easy, even for those accustomed to appraising others. But we can help you. We can show you how good you are—and at what. We can help you obtain the *right* job, if you're in the wrong one. With the *right* company and the *right* people.

As for the right attitude, once you know yourself, you'll take it. You'll *manage* your career. Meet us for a confidential discussion about it. It won't cost you anything or place you under *any obligation*. But, if you continue with us, chances are to there'll be no stopping you!

Simply dial 01-734 0752, and ask for Donald Ham. Or write to him at

Royston Ridgeway career managing people
Kent House, 87 Regent Street, London W.1.

Yusuf bin Ahmed Kanoo have an impressive growth record in Shipping, Clearing & Forwarding, Insurance, Travel and Manufacturers' Agencies. We employ over 3,000 people in operating companies throughout the Gulf.

General Manager
Bahrain

The post requires a senior executive with the ability to adapt his demonstrable achievement capability to local trading conditions and management style.

He will report to the local Board for all the Company activities in Bahrain and for relations with associated companies.

Relevant experience would include at least five years at chief executive level in similarly substantial and varied merchanting organisations. A formal academic or professional qualification is desirable and the preferred age range is 35-45.

The terms of employment are exceptionally attractive and include:
- Substantial tax free salary.
- Free furnished air-conditioned accommodation and services.
- Company car.
- Six weeks annual leave with free air passages for self and family.
- Free medical facilities.
- Valuable contributory capital accumulation fund up to 30% of salary per annum.
- For married staff with children, education allowances up to £1,500 per annum per child.

Interviews will be in London. Firstly, please write with brief personal and career details to: Recruitment Executive, Kanoo Group Limited, 1 Balfour Place, London W1Y 5RH.

Kanoo

Regional Manager

Riyadh **$35,000 tax free**

This General Management Appointment carries full profit responsibility for all operations in the Central Region of Saudi Arabia. The Company imports and distributes an extensive range of consumer goods including many leading international brands. It is part of a *widely diversified and successful* group engaged in trading, manufacturing, shipping and construction.

Reporting to the General Manager of the Company, the successful candidate will be responsible for a multi-racial staff of over 100 engaged in warehousing, distributing and accounting for a large and growing turnover.

Candidates, aged 35-40 and graduate, must have had at least 10 years experience in the marketing of fast moving consumer goods, culminating in a management appointment with full profit responsibility. Ideally they will have had at least 3 years experience in the Middle East or South East Asia in such a post.

Terms will include free furnished accommodation, company car, annual home leave with air fares for *manager and accompanying dependents.*

Write in confidence quoting reference 2542/T, to J. H. Cobb,

Peat, Marwick, Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London EC4V 3PD.

Equipment Finance — Midlands

We are the European equipment finance subsidiary of a major American bank holding company. As a result of continued expansion we plan to open an office in Birmingham shortly and seek the following people to join our established team:—

A Senior Marketing Executive—who will assume responsibility for a specific geographic region. Proven ability to develop substantial new financing business in the middle/large ticket market is a prerequisite. He/She will presently reside in, or be prepared to relocate to, the East Midlands. Preferred age in 30s.

A Senior Secretary/Office Administrator—who will be responsible for the establishment and subsequent operation of our new location.

Both positions call for ambitious and self-motivated individuals, who will report direct to the General Manager in London. Excellent remuneration packages will be offered which will include the normal benefits of a major financial institution.

Applicants should apply to Box A.6724, The Financial Times, 10 Cannon Street, London EC4P 4BY, enclosing a brief C.V.

Our future plans call for additional staffing in our London office over the coming months; potentially interested candidates are invited to write, giving *brief details, with a view to opening* discussions of the opportunities available.

BOND DRAWINGS

WESTERN MINING CORPORATION LIMITED
9¼% NOTES DUE 1982

NOTICE IS HEREBY GIVEN that in carrying out the operation of the sinking fund of 1st May 1979 in respect of the above Loan Notes for U.S.$500,000 have been purchased and pursuant to Condition 4(e) of the Notes, the Notes appearing on the annexed list amounting to U.S.$250,000 were this day drawn by RICHARD GRAHAM ROSSER (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st May 1979, from which date all interest thereon will cease.

21/25	540/44	606/10
939/43	1237/41	1501/05
1821/25	2146/50	2431/[illegible]
2716/20	3035/39	3321/25
3644/48	3931/35	4206/10
4521/25	4841/45	5116/20
5437/41	5706/10	6021/25
6341/45	6916/20	6931/35
3241/45	7501/05	8[illegible]/20
8445/49	8719/23	9037/41
9301/5	9616/20	9941/[illegible]
10221/25	10546/50	10806/10
11121/25	11431/35	11701/05
12021/25	12341/45	12606/10
12936/40	13206/10	13521/[illegible]
13801/05	14136/40	14416/20
14746/50	14921/25	

250 Notes at U.S.$1,000 = U.S.$250,000

The abovementioned Notes with Coupons due 1st May, 1980 attached may be lodged for repayment on or after the 1st May, 1979 (or the following day if the 1st May is a public holiday) at the offices of J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS; J. Henry Schroder Bank & Trust Company, One State Street, New York, N.Y.10015, U.S.A.; Societe Generale de Banque S.A., 20 Rue Royale 1000 Brussels, Belgium; Banque Generale du Luxembourg S.A., 14 Rue Aldringer, Luxembourg; Swiss Bank Corporation, 6 Paradeplatz, CH-8022 Zurich, Switzerland.

N.B.—Bonds still to be lodged for repayment from previous drawings:—

Drawn 1st May, 1977: Nos. 3171, 3172 and 5472.

Drawn 1st May, 1978: Nos. 113/114, 3112/3113, 3215, 4811/4814, 5112, 8612/8614, 8712/8714, 8812/8814, 8912/8914, 9012/9014, 9112/9114, 9212/91215, 9311/9315.

London.
23rd March, 1979.

COMPANY NOTICE

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
(F.M.C. No. 8770)

NOTICE TO SHIPPERS AND CONSIGNEES
BUNKER SURCHARGE

The member lines of the above agreement operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and U.S. Gulf ports in the range Key West, Florida to Brownsville, Texas, wish to advise shippers and consignees that, due to existing circumstances which have caused alarming increases in bunker fuel prices and difficulties on occasions in obtaining the necessary supplies they are obliged to introduce a bunker surcharge of U.S. $3.60 per revenue ton.

Lump sum freights to be assessed on weight of cargo.

"Per unit," "per package or piece" and "ad valorem" rates to be assessed on a weight or measurement basis, whichever yields the greater.

The bunker surcharge will not be subject to the tariff currency adjustment factor.

The application of this bunker surcharge will apply by all vessels commencing to load at individual ports of loading on and after 28th April, 1979, or earlier if approved by the applicable government authority and shippers will be advised immediately if the surcharge is to apply at an earlier date.

ATLANTIC CARGO SERVICES A.B.
COMBI LINE
THOS AND JAS. HARRISON LTD.
LYKES BROS. S.S. CO. INC.
SEA-LAND SERVICE INC.
U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
Cunard Building,
Liverpool L3 1DS.
March 1979.

TRAVEL

GENEVA. Daily jet flights from Gatwick with British Caledonian from £50 return. CPT. 01-351 2191.

SKI EASTER WEEKEND. 12/4-16/4. Courmayeur from £89. Avoriaz from £110. Inc. flights. Call CPT. 01-351 2191.

UNIVERSITY OF SURREY

DEPARTMENT OF ECONOMICS
LECTURER IN ECONOMICS

Applications are invited for the above post, available from October, 1979. Applicants should be able to teach (inter alia) mathematical economics and micro economics.

Salary within the range £3,883-£7,754 p.a. (under review).

Further particulars may be obtained from the Academic Registrar (LFG) University of Surrey, Guildford, Surrey GU2 5XH or Tel. Guildford 71281 Ext. 452 to whom curriculum vitae from men and women, including the names and addresses of two referees, should be sent by 20th April, 1979.

LEGAL NOTICES

No. 00871 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Mr. Registrar Dearbergh. In the Matter of METAL BOX OVERSEAS LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that by an Order dated the 27th March, 1979, made in the above matters the Court has directed a Meeting of the holders of the 2.675 per cent Redeemable Cumulative Preference Shares of £1 each of the above-named Company (hereinafter called "the Company") to be convened for the purpose of considering and if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its said Shares and that such Meeting will be held at Queens House, Forbury Road, Reading, RG1 3JH on Monday the 23rd day of April 1979 at 12.00 noon at which place and time *all such Shareholders are requested to* attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement forms of Proxy and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act at the registered office of the Company situate at Queens House, Forbury Road, Reading, RG1 3JH and at the offices of the undermentioned Solicitors at the address mentioned below during usual business hours *on any day (other than* a Saturday, Sunday or Public Holiday) prior to the day appointed for the said Meeting.

The said Shareholders may vote in person at the said Meeting or they may appoint another person, whether a Member of the Company or not as their proxy to attend and vote in their stead.

It is requested that forms appointing Proxies be lodged with the Registrars of the Company, National Westminster Bank Limited, Registrars Department, P.O. Box No. 82, 37 Broad Street, Bristol, BS99 7YA not less than 48 hours before the time appointed for the said Meeting but if forms are not so lodged they may be handed to the Chairman at the said Meeting.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person, or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

By the said Order, the Court has appointed James Gwyn Gilbertson or failing him Ivan Reginald Mannooch Willis or failing him Arnold Bennett Macnab to act as Chairman of the said Meeting, and has directed the Chairman to report the result of such Meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 29th day of March 1979.
ALLEN & OVERY,
9, Cheapside,
London, EC2V 6AD.
Solicitors for the Company.

No. 00194 of 1979
In the HIGH COURT OF JUSTICE
Chancery Division
Group A
IN THE MATTER OF
BURMA MINES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the *Order of the High Court of Justice* Chancery Division dated 5th March 1979 confirming the reduction of the capital of the above-named Company from £2,369,795.575 to £1,354,168.90 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 13th March 1979.

Dated this 22nd day of March, 1979.
BLYTH DUTTON HOLLOWAY
of 9 Lincoln's Inn Fields,
London, WC2A 3DW.
Solicitors for the above-named Company.

HOLIDAY ACCOMMODATION

FAMILY HOLIDAY COTTAGES

Newly appointed. Sleeps 4-10. Private country estate 4 miles west of Monmouth and the Wye Valley, 10 miles east of the Brecon Beacons National Park. Rods available occasionally.
Brochure from:
The Agent, The Rolls and Hendre Estate, The Hendre, Monmouth.
Tel. Monmouth 2057.

JULY, EARLY AUGUST. South Devon, super luxury modernised cottage. Private estate. Unspoiled countryside. Sleeps 6. Heated swim pool. Contact Character Cottages for this and other top class properties available year round. Libra House, Fore St., Sidmouth, Devon. Tel.: 03955 6531.

APPOINTMENTS

New director for Keyser Ullmann

Mr. Julian Brooke will be joining the Board of KEYSER ULLMANN LTD. on April 2 and will have special responsibilities for French operations. Mr. Brooke was formerly manager of the London branch of Banco de Vizcaya. He started his banking career with the Chemical Bank in New York and spent six years at Chemical's Paris office.

*

Mr. D. Bruce Pattullo is to succeed Mr. Andrew M. Russell, treasurer and general manager of BANK OF SCOTLAND, who is to retire on July 3. Mr. Pattullo has been deputy treasurer and general manager of the Bank since last November. He was previously chief executive of the British Linen Bank.

*

Mr. J. Edward Sieff, president of MARKS AND SPENCER, is to retire from the Board at the end of this month but will continue to act as an advisor to the company as honorary president.

*

Following the acquisition (reported yesterday) by the EXCHANGE TELEGRAPH COMPANY (HOLDINGS) (Extel) of WIGMORE HOLDINGS, whose subsidiaries include the Royds Advertising Group and Mandeville Properties, Mr. Alan B. Brooker, managing director of Extel, has been appointed chairman of Wigmore Holdings. From April 1, Mr. Nicholas C. Royds will become a director of Extel and remain chairman and managing director of the Royds Advertising Group. He will also be deputy chairman of Wigmore Holdings. Mr. David J. Sidbury continues as managing director of Wigmore Holdings.

*

Mr. S. R. Maycraft, manager of MIDLAND BANK'S economics department since 1972, has been appointed principal from April 1. He succeeds Mr. P. K. Marks, who is retiring from the Bank.

*

Mr. J. C. B. Glover has been appointed vice-chairman of the GLOVER GROUP (a Capper-Neill company). He is succeeded as managing director by Mr. Julian Bird who also becomes managing director of Glover Brothers (Mossley) and Wm. Jas. Glover and Co. and a director of all companies in the Glover Group.

*

Mr. Frank E. Steenwinkel has *been appointed* sales director of the Cryogenic Systems Division of AIR PRODUCTS.

*

Mr. W. B. S. Walker has been appointed deputy senior partner of the London partnership of PEAT MARWICK MITCHELL AND CO. from April 1 following the retirement of Mr. I. M. Bowie.

*

Mr. John Delafons has been appointed a deputy chief executive in the Property Services Agency of the DEPARTMENT OF THE ENVIRONMENT in succession to Mr. T. L. Beagley who is retiring. Mr. Delafons will be promoted to Deputy Secretary on April 2.

*

Mr. D. R. Pippard and Mr. G. P. Wilton have been appointed assistant directors of BUTLER TILL from April 1. At the same time Mr. C. M. Dobson will become a manager and Mr. B. J. Grimes and Mr. M. H. R. Young *assistant managers.*

*

Mr. Laurie Beevers and Mr. David Youngman, associates of CHARLTON SEAL DIMMOCK AND CO., stockbrokers, have been taken into partnership. Mr. A. J. Hodgson has left the partnership *and become an associate* of the firm. Mr. Stephen Davies, a partner from 1948-78, has retired from business.

*

Mr. E. Robertson, chairman of the committee of management of the LIVERPOOL VICTORIA FRIENDLY SOCIETY, retires on April 10 and will be succeeded by Mr. G. M. Hedges, deputy chairman. Mr. L. J. Baker has been appointed deputy chairman. Mr. K. Wilkinson, manager southern area, will be co-opted to the committee of management to fill the vacancy.

*

Mr. Robert J. Kiln, joint deputy chairman of LLOYD'S LIFE ASSURANCE, has been elected chairman in the place of Sir Henry Mance, who has relinquished the chairmanship but remains on the board. Mr. C. D. Sharp remains deputy chairman.

*

Mr. John Wells, MP, has resigned *his directorship* of SCHOOL PICTURES and its subsidiaries.

*

Mr. D. E. Royle has been installed as president of the INCORPORATED SOCIETY OF VALUERS AND AUCTIONEERS. Mr. Royle is at present the fine arts consultant to Edward Rushton Son and Kenyon and to various other organisations.

*

Mr. Rowland F. Pollitt has been appointed works director of HAREFIELD RUBBER COMPANY.

*

Mr. C. M. Owen has been appointed to the board of *HAYNES AND CLACK UNDER-WRITING AGENCIES.*

*

Mr. J. H. C. Leach, executive director of Fidelity Management has been elected Official Fellow and Bursar of PEMBROKE COLLEGE, Oxford.

*

Mr. Tony Carratu has been appointed chairman of SPORTSDROME, which owns and operates Richmond Ice Rink. The appointment follows Mr. Carratu's recent acquisition of a controlling interest.

*

Mr. D. J. Rippon has been appointed deputy chairman of ARBUTHNOT EXPORT SERVICES. Miss Wendy Todd has become manager of its South East Asia office, a newly registered branch in Singapore.

*

Mr. Jeffery L. Dickman has been appointed sales director and Mr. Robert A. Dickman, technical director, of FIDELITY RADIO from April 1.

*

Mr. Olaf Kier, who will be 80 this year, will not seek re-election as a director of FRENCH KIER HOLDINGS at the annual meeting. He will become life president. Mr. Mogens Kier has resigned as a director of French Kier Holdings and will resign from his group appointments to devote more time to other business interests. Mr. D. V. Brand will then become managing director of French Kier Products and Services and chairman of that company's subsidiaries. Mr. G. S. Kidd will be chairman of French Kier Products and Services and a director of French Kier Property Investments. Mr. Brand will resign as a director of that company.

G. R.

The Royal Navy *The Merchant Navy* *The Royal Marines* *Our Fishermen*
KING GEORGE'S FUND FOR SAILORS
Their disabled *Their pensioners* *Their widows* *Their children*

King George's Fund for Sailors looks after them all

In this Country of ours, there is no-one who is not connected with the sea.

Half the food we eat comes from across the sea. Many thousands of us, our relatives or friends are past or present members of one of the sea-faring services, or of an industry dependent on them.

There are many charities for seafarers and their families. One, only one, however, is the *central* charity, charged with collecting and providing funds for all other seafarers' charities, and with making sure that the money is distributed where it can be of most use.

That central charity is King George's Fund for Sailors. Launched in 1917 at His Majesty's personal wish, KGFS distributes funds without distinction of service, of rank or of creed. The sole criterion is to distribute the money to the areas of greatest need.

When you want to remember our seafarers who are in need, remember King George's Fund for Sailors. We'll see to it that not one penny of your money goes to waste.

Please send your donation to:-

KGFS
King George's Fund for Sailors
1 Chesham St., London SW1X 8NF
THE FUND FOR CHARITIES THAT SUPPORT SEAFARERS IN NEED AND THEIR FAMILIES

هكذا من الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFICE EQUIPMENT

Rank Xerox launches new fast copiers

INTENDED to compete for the offset litho market are three new duplicators for the British market, launched by Rank Xerox.

The new range, the 9400, 5400 and 3400, incorporate microprocessor control and represent the most up to date copier technology available, the company asserts.

All three machines are designed to give high productivity, carrying out many functions automatically, and releasing the operator to carry out other tasks.

The 9400 is the most advanced of the three, designed for the high volume user with 100,000 copies per month. This is the machine that will represent the most severe competition for the many offset litho machines in the reprographic market.

Double-sided copying is completely automatic with the 9400, using the auxiliary paper tray to feed imaged originals back through the machine. All this is done at a rate of 7200 copies per hour. The fully automatic document handler feeds up to 200 originals on to the platen of the 9400, leaving the operator free to work on other jobs. Sorting is by two 25 bin units, each bin having a capacity of 100 sheets.

Very high quality duplication, even from difficult originals, goes hand in hand with three fixed reduction ratios and a variable zoom reduction.

For users making between 15,000 and 50,000 copies per month, the Xerox 5400 provides copies at a rate of 45 per minute.

The new Rank Xerox 9400 copying equipment. Double-sided reproduction is possible at 7,200 copies an hour.

Provision of two paper trays enables the machine to make double sided copies automatically.

There are 20 bins in the on-line sorter, each with a capacity of 50 sheets. The sorter is bi-directional, thus reducing sorting time. The semi-automatic document handler will accept originals up to 215mm by 356mm (8½ inches by 14 inches).

It places documents on the platen and, after the required number of copies have been made, it stacks the originals in the correct order.

The 3400 is for the user making between 5,000 and 25,000 copies per month. A compact machine, the 3400 copies at a rate of 26 copies per minute.

Each of the machines has a diagnostic code system which tells the operator the reason for a malfunction. Similarly, engineer time is reduced by use of the diagnostic support system. Should there be an interruption in a job, however complex, this is not a problem as all three machines have a "job recovery" facility.

Rank Xerox, Bridge House, Oxford Road, Uxbridge, Middx. UB8 IHS Uxbridge 51133.

● MATERIALS

Protects from interference

FOR SHIELDING electronic equipment from radio-frequency and other electromagnetic interference, vibration-proof sheathing, gasketing and shaped components made from knitted metal wire mesh are now available from KnitMesh of South Croydon, Surrey.

Sold under the Knitex trade mark the product can be supplied as a loose bandage for wrapping around cables, or as a shaped sealing-strip for preventing RFI/EMI leakage through closures. The meshes can be compressed to form semi-rigid seals, gaskets and spindle-glands; combined with a silicone-rubber or neoprene core for joints that must also be water- or gas-tight, or laminated between clear glass or acrylic sheet for instrument display units.

For ventilation apertures, KnitMesh can combine the functions of filter, spark-arrestor and shield in one simple panel. The mesh can also be made up into zip-on cable-covers with a waterproof plastic outer layer; and even sewn into sheets to make complete portable Faraday cages.

To meet the mechanical and environmental requirements of the application Knitex can be manufactured as a variety of custom-made products from virtually any metal wire available in round or rectangular cross-section. Standard metals are aluminium, copper, silvered copper, tinned copper, stainless steels and Monel—the last used when long-term corrosion-resistance is required.

The knitted mesh forms a tubular structure of interlinked loops, and the points where the loops cross over create a closely spaced network of contacts, which ensures that electrical continuity is unaffected by flexing in any direction. The material's natural resilience allows it to conform to complex profiles and to absorb irregularities in mating surfaces. The looped structure also allows movement within the mesh—due, for example, to changes in temperature—without change to external shape.

The company produces a range of standard sealing and gasketing strips—all-metal or rubber-cored, many to NATO specifications—as well as making compressed seals, glands and gaskets to customers' dimensions.

KnitMesh, KnitMesh House, Sanderstead Station Approach, South Croydon, Surrey CR2 0YY. 01-657 0921.

● PACKAGING

Wraps piles of stationery

IN RESPONSE to the paper and packaging industry's demands for a shrink-wrapping system which can handle good quality loose stationery products at high speeds, Bielomatik has introduced the model P415 shrink wrapper.

In the past Bielomatik has supplied a wrapping station as an optional part of a stationery production line, but the machine has not been available separately. The P415 can handle stacked brochures, loose leaves, or similar products from automatic or semi-automatic machines and can be fully integrated with that machine or be separate from it.

The unit can accommodate rectangular or near-rectangular objects up to 430 mm long, up to 400 mm wide and up to 130 mm deep, although the sum of two of the dimensions must clearly not exceed the web size of the plastic film—which can be up to 880 mm across. The machine can wrap up to 4,800 packages per hour depending upon package dimensions and the type of film being used. PVC, polyethylene and some other films can be accommodated and film thicknesses between 20 and 200 microns are acceptable.

The machine has a number of features which set it apart from other shrink wrappers. First, it can be fed manually, from a magazine or a suction feeder. Up to four identical products may be stacked and transmitted as one pack into the packaging section of the machine.

To help identify product packs, front pages can be fed automatically. These can either be flat sheets to go on top of each pack, or slips with a front facing portion and a side flap so that stacks can be identified at a glance from either the top or the side. Additionally, a labeller is available as an optional extra which attaches a sticky label to the side or top of the wrapped pack.

The P415 will accept a wide range of plastics film wrapping material. If ready-perforated film is not available, a film perforation attachment can be supplied.

Bielomatik, Cotswold Street, London SE27 0DP. 01-761 1211.

● PROCESSES

High quality thin films

PUT ON the market by Ion Tech, 2 Park Street, Teddington, Middlesex TW1 0LT (01-977 9306) is the B-92 ion source which allows a low pressure ion plating technique to be used for high quality film deposition.

The unit produces a beam of neutral ions and is mounted in a high vacuum evaporation work chamber alongside a resistance heated evaporation filament or an electron beam gun. The B-92 operates with a work chamber pressures of less than a millitorr and has an output equivalent to 10 mA ion current with an energy between 800 and 4,000 electron volts.

Beam spread is 12 degrees (half angle) from a 25 mm aperture, easily irradiating a substrate work area from four to 12 inches in diameter.

When the ion source is energised the neutral beam first cleans contaminants from the substrate surface and this continues while the source is heated and the first layers are deposited.

The company claims that the simplicity of the source makes it easy to convert a standard evaporation plant into a low pressure system.

● OFFSHORE INDUSTRIES

Control on a platform

FIRST microprocessor-based distributed process control system which will be placed on an offshore oil platform has just been ordered from Honeywell.

This TDC 2000 system order marks a significant advance into digital control for the offshore oil industry, which until now has tended to rely on traditional control technologies. It is valued at nearly £250,000 including auxiliary equipment and has been placed with Honeywell by MESA Eastern Inc., of Aberdeen, through contractors Brown and Root (UK).

It calls for a modular, distributed system of control to be installed on a new double platform being constructed for the Beatrice Field in the Moray Firth, north of Inverness. The complex will consist of separate production and drilling platforms connected by a bridge.

Two small coaxial cables will be the only connections needed to allow the TDC 2000 equipment to "talk" from platform to platform across the bridge. Should this connection be lost, however, each platform would be left with a stand-alone system for unbroken operation. There will be four operator stations, two line printers for logging and alarming, six controller files able to supervise 48 control functions and two high-level process interface units (PIUs) for data acquisition.

Further from Honeywell, Bracknell, on 0344 24555.

● INSTRUMENTS

Visual display testing

GOULD INSTRUMENT Division, Roebuck Road, Hainault, Essex, 1GS 3UE (01-500 1000), has taken over responsibility for sales and technical support in the UK of products made by Biomation (another Gould company), at the same time announcing a new product from that company, a digital testing oscilloscope.

Known as the DTO-1, the new instrument has amalgamated rather than separated the "analogue" and "digital" approaches to test equipment: it handles digital circuits like a logic analyser, analogue circuits like an oscilloscope and additionally can automate "go" and "no-go" tests with a built-in comparator.

A key element of the device is its single channel logic recorder based on a miniature magnetic tape cartridge unit which allows digital signals to be compared with previously recorded "good" signals. The cathode ray tube displays up to eight logic traces, including the "good" trace, and up to seven previous traces from the unit being tested. Any one of 100 known good traces can be called up from the tape cartridge by front panel buttons.

Signal comparisons are carried out automatically, light emitting diodes indicating "pass" or "fail." Then, the screen display allows the user to isolate the fault by visual comparison.

Considerable flexibility is afforded by the fact that logic traces that are "new" (straight from the digitising circuits) can be compared on the screen with those that have been digitised and recorded earlier.

Furthermore, should an analogue problem be suspected, an analogue waveform can be displayed along with logic traces, allowing faults such as low voltage levels to be isolated. Panel controls include the selection of normal oscilloscope functions such as voltage scale, sweep speed, and trigger slope.

Although the DTO-1 is ideally suited to production, maintenance and repair depots, it is also a powerful engineering tool for digital design, with performance adequate for all but the fastest circuits. Sampling rate is up to 100 MHz and the analogue 'scope has a useable handwidth to 25 MHz.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● DATA PROCESSING

Evolution at Honeywell

TWO NEW computers in the large machine group sold by Honeywell (Level 66/DPS) are to be made at Newhouse in Scotland for Britain and certain export markets.

This was announced yesterday at the world launch of these central processors and three others in the medium-scale (Level 64/DPS) group, superseding earlier models, but not so different that existing users cannot gain access to some of the most important new developments.

As could be expected, the new top-level machines will use 16K chip MOS memory to give improved operating characteristics at lower cost, and several new peripherals and ancillaries are being introduced.

The three medium-scale machines provide considerably more power than the units they replace; the smallest having almost twice the capability of the comparable unit in the previous series.

The GCOS operating system is retained and enhanced to provide easier running of distributed computer systems, but at the same time, interactive compilers for four major languages are brought in.

Earlier this year the company updated its smaller level 62 machines and in 1978 made significant moves in its Level 6 minicomputers so that it can be said the company has quickly taken most of the steps to benefit from available advanced technology coming out of the components industry.

Delivery of the larger machines will start in the fourth quarter this year and of the medium-scale machines in the third quarter.

Honeywell House, Great West Road, Brentford, Middx. Telephone 01-568 9191.

Univac is Memorex target

MEMOREX has extended marketing of its plug-compatible disc and tape drives to users of 1100 and 400 series Univac computers in Europe.

One of the first users to install Memorex disc drives is SCICON, a subsidiary of British Petroleum, which has attached them to its Univac 1108s at Milton Keynes near London.

Drives used are the same as those in the IBM market place. The Memorex 3675 is an alternative to the Univac 8433, 8440 and 8460 disc drives or the Univac Fastrand II drum, but whereas the drive provides 200 megabytes of storage in IBM mode it provides from 20 to 44m words of storage per spindle depending on which Univac mass storage device is being replaced. Similarly the 100 Megabyte Memorex 3670 drive is used to provide 17m words of storage per spindle as an alternative to the Univac 8430.

Memorex tape systems also use the same drives as with IBM mainframes but are attached as fully compatible alternatives to the Univac Uniservo 16, 20 and 30 magnetic tape systems.

The disc and tape systems are being supported in Europe by the 600 strong Memorex field engineering force.

Memorex Europe operates from Hounslow House, 730 London Road, Hounslow East, Middlesex TW3 1PD. Tel. 01-572 7391.

Terminal in a suitcase

THE ABILITY to access a remote data base or to report in to a home office is afforded by the VS20 Microlink acoustically coupled terminal housed in a suitcase.

The manufacturer, LRP Micronics, 1 Station Road, Twickenham, Middlesex (01-892 7044) believes that mobile engineers, reporters, salesmen, audit teams and computer programmers will find the terminal particularly useful. Furthermore, since it is driven by an eight bit microcomputer with memory of up to 64K bytes, it has considerable ability to pre-process data and edit text, minimising CPU and telephone connection times.

Transmission can be at 100, 110 or 300 baud in half or full duplex using CCITT frequency shift keying standards, and keyed material appears on a built-in 40 column two line per second printer. Connection can be made to a crt unit.

The equipment is contained in an aluminium-framed "executive" case which can be carried on an aircraft as hand luggage.

● HAND TOOLS

Polisher has many roles

LIGHTWEIGHT angle polisher, with a 1,500 rpm operating speed is being marketed in the UK by Elu Machinery, Stirling Corner, Borehamwood, Herts WD6 2AG (01-953 0711).

This is the Elu Model WP.143/10, supplied in the form of a kit comprising the basic machine, left or right hand side handle, carrying case, 7 in diameter rubber backing pad and a small selection of sanding discs.

Accessories available include a foam rubber pad, lamb's wool bonnet and a Moltopren pad for polishing; various types of sanding discs; steel wire brushes for cleaning and de-rusting; a right-angle drill chuck; a paint stirrer; and several attachments for the surface treatment of wood.

With a tough impact-proof grp housing and precision-bevelled and hardened gears to ensure long trouble-free operation the unit has a double insulated 500W, universal motor for 220/240 volts supply.

● RESEARCH

Easy exact titration

ELECTRONIC control and impulse pump metering take most of the tedium out of titration in the direct reading Karl Fischer titrator, model AF3, put on the market by Baird and Tatlock (London), P.O. Box 1, Romford, RM1 1HA (01-590 7700).

There are two separate units apart from a small printer which can be supplied as an option to keep track of the work. One is a metering unit which houses the pump and liquid handling system; this automatically takes the correct volume of reagent directly from a standard one or two-litre Winchester bottle. No reservoir bottles, volumetric glassware or syringe burettes are involved.

The other unit contains the electronics and operator controls, displaying results on a four digit read-out in milligrams of water to the nearest 0.11 mg.

Apart from the major convenience of offering a direct water content display without calculation, the unit has operational benefits which include a standby condition which allows the titrator to immediately titrate any sample offered to it, titration vessel over-fill alarms and magnetic stirring.

● ELECTRONICS

Morning call-up

WHILE making it clear that there is no intention of tackling the hotel market for complete electronic "management" systems, Millbank Electronics, the audio engineering company, has nevertheless diversified its activities somewhat by introducing microprocessor - based guest-room facilities.

First of these to become available will be an early morning call system in which each guest's request is entered via a keypad in the front office area: the guest is able to see on a display that the correct data is being entered. If he does not acknowledge his call in the morning an alarm is sounded and a message printed out in the front office so that appropriate action may be taken.

All the calls and their status can be printed out on demand as required.

Millbank Electronics (Uckfield, Sussex TN22 1PS: 0825 4166) has also announced a £300,000 expansion plan in Uckfield involving a new factory and an eventual increase in its payroll to 100 people.

THE PROPERTY MARKET BY MICHAEL CASSELL

Shop centres setting pace

IN SPITE of the fact that construction costs for shops and stores have now reached about £20 per sq ft at a time when large retail outlets are commanding rents of between £2.50 and £3.50 per sq ft—not a high return when land costs are included—there seems to be large numbers of major retailing centre developments under way around the country.

It appears that the High Street or shopping centre remains an attractive investment vehicle, although the recent growth in shop rents is apparently slowing down and traders are having to fight very hard to maintain their share of the retail market. Apparently unperturbed, local authorities, developers and funds proceed at a pace with schemes or proposals.

The St. Martins Group's £20m-plus King Street, Hammersmith development is to be opened next week and 34 of the 42 shops are already let, as is the 11-storey, 89,000 sq ft office block. Four major stores are also operational. The London Borough of Hammersmith, which owns the freehold of the 8½ acre site, has retained an equity share in the scheme after granting St. Martins a 150-year lease.

Capital and Counties Property and the London Borough of Sutton are proceeding with plans for a £40m town centre development plan in Sutton in spite of a set-back in the shape of a decision by John Lewis Partnership to withdraw from the scheme. The proposals include between 300,000 and 400,000 sq ft of shopping space with another 140,000 sq ft of offices. A major pension fund is due to join the existing partners and has been involved in discussions for some time. No start date has been announced but, once underway work should take about five years.

Wilth J. Sainsbury announcing it is to develop a £3m shopping centre in North Leeds, Lowfield Commercial Estates said it had completed a new £2m town centre development, forward funded to Norwich Union.

The Greater London Council is inviting developers to submit designs and proposals for the first phase of the Thamesmead central area, which will eventually provide about 160,000 sq ft of shopping space and 100,000 sq ft of offices. On the other side of London, construction has begun on the first phase of the Harrow central redevelopment scheme.

The £4m project is the result of a partnership between Laing Properties, which has more than £16m of shop property in the UK, and the Borough of Harrow which is to provide the bulk of the finance. Phase one, due for completion next year, will include 70,000 sq ft of retail space—including a 50,000 sq ft Marks and Spencer store and 30,000 sq ft of offices. Phase two will cost an estimated £15m.

Chesterfield Properties has started on a Rugby central area redevelopment plan which will provide about 50 shops, two stores and a 500-vehicle car park. The £6m development is due to open before next Christmas. Sainsburys and International Stores have taken the largest units and space is being let on a full repairing and insuring 25-year leases, subject to five-yearly rent reviews.

To the west of London, the Elmsleigh shopping centre has just ben topped and is due to open this autumn. The £8.5m project is being carried out by Grosvenor Estate Commercial Developments in partnership with Spelthorne borough council and the British Petroleum Trust. Nearly 250,000 sq ft of retail space will be available.

Over at Wood Green in north east London, the town centre redevelopment programme — known as the Haringey central area—has reached its 10th anniversary. By 1985 all the most significant development should be completed, including the £30m regional shopping centre. Partners in the mammoth 93-acre scheme are Electricity Supply Nominees and the borough of Haringey.

Grenfell company in bid talks

INTERESTING TIMES for Morgan Grenfell, which advised the Dutch property group Wereldhave during its unsuccessful bid for EPC.

The merchant bank now finds that a Wereldhave bid could be in the air for European Property Investment, which Grenfell set up in 1973 as a vehicle for institutional property investment in Europe.

Wereldhave made an unsuccessful bid for the company late in 1977. It failed to get off the ground because the group did not notify the Amsterdam stock exchange—EUPIC is capitalised on the Dutch stock market at nearly £41m—of its approach within the required number of days.

An announcement this week from EUPIC said a number of parties interested in the possibility of "taking a participation" in the company had come forward. One of the discussions had gone as far as initial talks on a fullscale bid. Several UK institutions, Robec and Wereldhave are shareholders in EUPIC, along with the five initiating banks.

● Commercial Union Properties this week saw the completion of its Caxton House, Westminster, redevelopmet scheme, carried out at a cost of £12m by Trollope and Colls and providing 285,000 sq ft of office and banking accommodation. The entire building has been pre-let to tenants of the old building, the Department of the Environment and National Westminster Bank.

Equity & Law spreads its wings

HOT ON the heels of Legal and General and Standard Life come the 1978 figures from Equity and Law Life Assurance, which also show an expanding property portfolio.

A 16 per cent rise in dividend was accompanied by an increase in the shareholders' allocation of profit by £212,000 to £1.37m. Although it says it never became disenchanted with property, Equity and Law investment in this area has certainly perked up.

After three years of putting most of its new money into gilts, it has now made a significant return to equity and property markets. During 1978 it put £20.6m into property (£19.5m into equities) against a disinvestment of just under £10m in 1977. During 1976 it had run down its property holdings by about £13m.

Equity and Law says it continues to look for a better spread for its UK property portfolio, to embrace industrial property, shops and farms (a large farm purchase in Lincolnshire went through in August). Geographical location as well as the type of investment property is a major consideration and the group is still moving away from what it believed to be an unsatisfactorily high involvement in south-east office property.

At the end of the year, Equity and Law's property holdings had a market value of £179m against £135m 12 months earlier. Overseas, property investment remains less significant, though its UK-based subsidiary Grandvista Properties keeps an eye on the Continent.

Details also this week of Prudential Pensions property fund, which by the end of last year stood at £143m, £46m up on 1977. The value of the invested portfolio was £122.5m, a substanital rise over the previous year's figure, reflecting the purchase of 23 properties. Agreements to purchase four more properties, and proposed expenditure on existing investment properties, represent commitments of about £8m.

The fund says that one effect of the strong pressure of demand for prime office and industrial space over the last year has been that the less popular investments (those with distant reversion dates, long rent review periods, leaseholds, etc) are no longer so heavily discounted by the market.

It is just this type of property in which the fund has for some time been deliberately picking out as an investment vehicle and acquiring at favourable prices. It claims that this policy is showing a return, with a considerable increase in capital values on a number of such acquisitions. As rent reviews are negotiated and reversion dates approach, there is likely to be considerably more growth from this source.

Commenting on recent concern over the increase in the gap between yields obtainable on property and the general level of short- and long-term interest rates, the fund acknowledges that the property sector is now far less concerned with rises in short-term rates.

It says that while long-term rates have more influence on the market, not even their recent upward movement has had any effect on property yields. On the contrary, yields have tended to decline and it seems that the considerable upward movement in rental values during the last year has reinforced expectations of substantial rental growth in the future.

EPC sheds albatross site

WITH English Property Corporation aparently now in the hands of Olympia and York Developments after one of the property world's more interesting recent tussles, there was confirmation tihs week that EPC has shed the albatross of its Nice redevelopment site.

The site—which has never progressed beyond a hole in the ground, and which could now cost £15m-£18m to develop—has ben sold to MABCO, The Hague-based building and development group, for £5.5m.

Announcement of the sale of EPC's three-acre site in the heart of Nice—acquired almost a decade ago in the days of Star (Great Britain) and Mr. Robert Potel—came at an early stage in the recent battle for control of the group. The transaction was the main reason why Dutch suitor Wereldhave raised its unsuccessful bid from 32p to 44p, still 16p short of Olympia's final offer.

At the height of the fight for control, there were a few nasty moments when doubts were voiced about the certainty of the MABCO deal. Now it is up to the group to tackle what Wereldhave describes as "a car park in a river with a library on top to stop it floating away."

Victorian block sold for £2m

WESTMINSTER Palace Gardens in Artillery Row, Westminster, has been sold by Land Securities to charity clients of agents Leavers for over £2m. The Victorian building comprises shops, offices and 28 vacant flats and the building produces an execlusive annual income of £157,000 although substantial rent reviews are due in the next three years. Chestertons acted for Land Securities.

● Royal Insurance has embarked on a reconstruction and refurbishment scheme at Cornhill, Lombard Street, EC3. The scheme is due for completion next July and will provide over 43,000 sq ft of office space on a site overlooking the Bank of England. Royal has occupied the site since 1838 but agents St. Quintin have been asked to find a single tenant for a 35-year lease involving an annual rent of about £1.1m a year exclusive.

● Morgan Guaranty Trust has completed plans for Angel Court, its new City headquarters (renamod Morgan House). It is seeking £22.95 a sq ft for the 73,200 sq ft of space which it will not use itself.

The building has a floor area of 215,000 sq ft and was developed by the Clothworkers' Company in conjunction with Electricity Supply Nominees. Morgan Guaranty signed a 35-year lease, with an option for a further 35 years, last year at a rent of about £8m a year. Based on the bank's asking rent for the space to be sub-let (it eventually plans to occupy the entire building) the building has a rental value of just under £5m.

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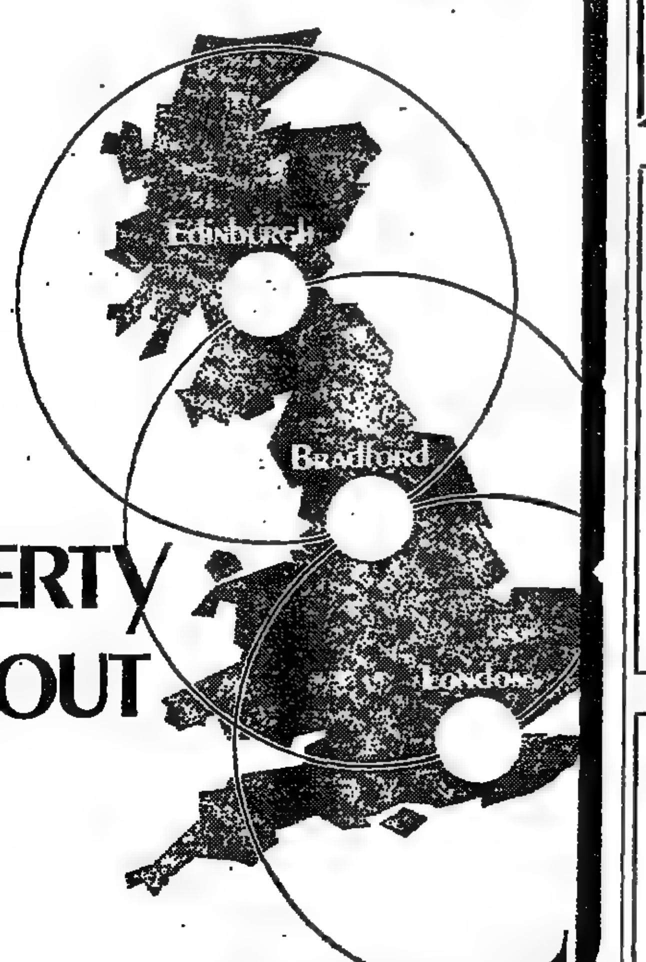

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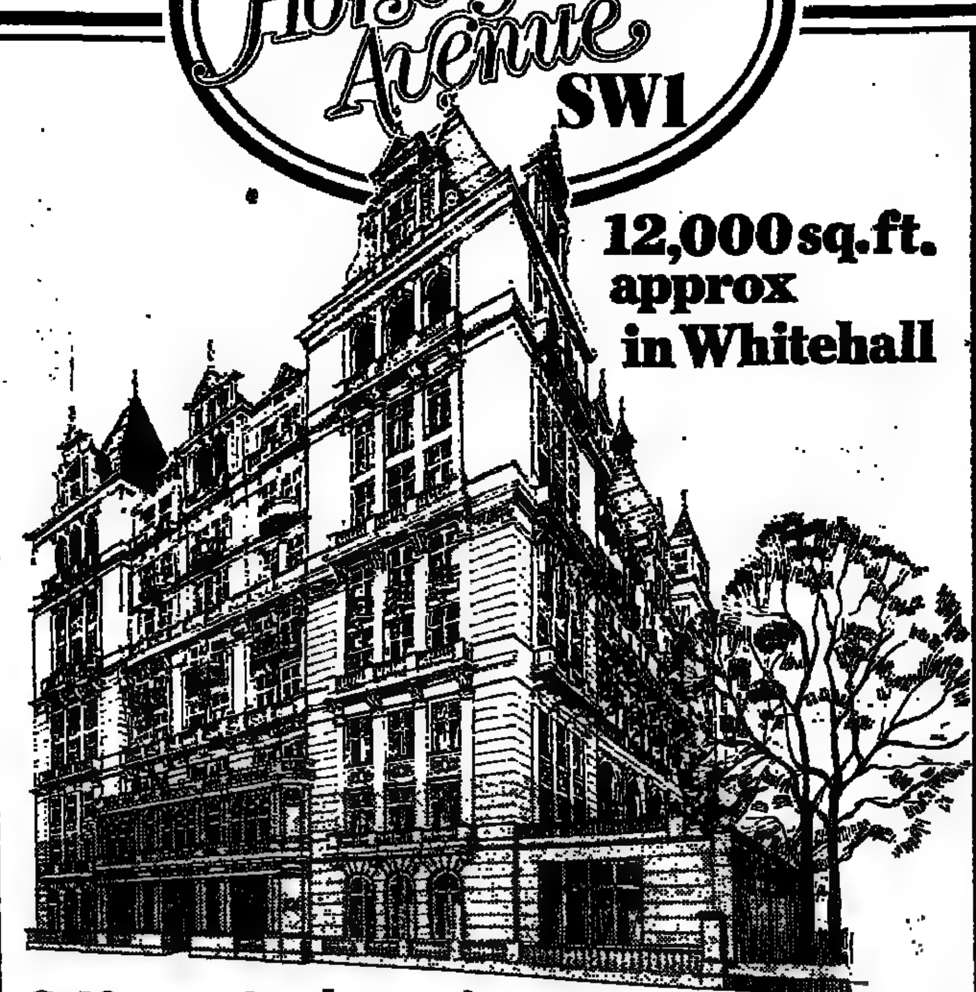

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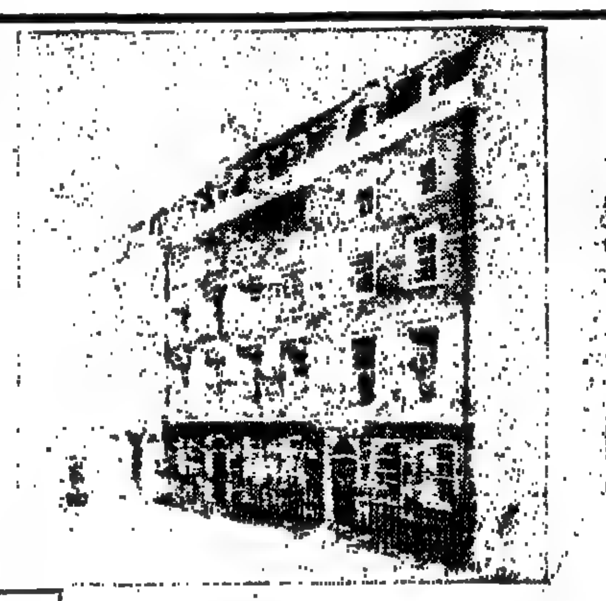

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FINANCIAL TIMES SURVEY
Friday March 30 1979

Belgian Banking and Finance

Alongside lack of political direction until the Government crisis is resolved, Belgium's business and financial community is having to cope with an uncertain economic situation. Industrial activity is up, for example, but so is inflation; industry is short of funds, but interest rates remain high.

Economy on a seesaw

By Giles Merritt

ECONOMIC FORECASTERS must be used to seeing through a glass darkly, but in Belgium they have of late found themselves peering with some puzzlement into a distorting mirror. For in recent months many of the Belgian economic indicators and trends have reversed direction. Just what some of these comparatively abrupt changes add up to is still the subject of speculation rather than clear-cut forecasting, although the general consensus is that this year will see a moderate cyclical expansion with real GNP growth topping 3 per cent and thus standing at twice the annual average for 1974-78.

In the new and topsy-turvey picture that is emerging the first casualty is Belgium's much vaunted victory over inflation. It appears that the battles that last year saw the inflation rate decline down to an annual rate of 3.7 per cent in the autumn have not won the war. There are strong fears that rising prices of imports will by the end of 1979 have pushed the rate back up to around 4.5 per cent.

A second turnaround has been in unemployment. Belgium's stubbornly high jobless total, which had been standing at [illegible].7 per cent and was second only in the EEC to Ireland's, shows signs of responding to treatment. In part this is due to State employment schemes and the controversial growth in the size of public services, but unemployment, which has been growing inexorably since 1974, had in January last fallen back to 282,000 from an August 1978 high of 287,000.

The relieved calculation that some observers are beginning to make is that Belgium's efforts since 1975 at industrial restructuring are now paying off. The proportionate weight of such problem sectors as steel, textiles, paper, clothing and footwear in the country's manufacturing and processing industry has fallen from 26 per cent in 1974 to 19 per cent last year.

An equally cheerful about-turn has been registered in Belgium's industrial production. Last summer saw the end of 18 months of gradual decline, and between June and November 1978 the index rose 5.7 per cent, which on an annual basis meant a growth in production of 13.7 per cent on the country's industrial production index, which has a 1970 base of 100. Output has now overtaken the mid-1974 high of 122 and the end-1976 recovery of almost 120 to reach around 123 in the closing weeks of last year.

Just as important, during 1978 the use of Belgium's industrial capacity rose from 72 per cent to 75 per cent. Among the key sectors, metallurgy improved during the July-November period of 1978, in comparison with the corresponding months of 1977, by 12.6 per cent, while the electrical and chemical sectors increased by 10.7 per cent and 7.3 per cent respectively. To a large extent the recovery of Belgium's steel industry, which is structurally as weak as most of its EEC counterparts, was based on increased exports and the replenishment of domestic stocks. But even the hard-pressed textile industry managed a 4.9 per cent July-November output increase.

Not only the steel industry has benefited from stronger export demand. Japan, West Germany, Italy and France also provided a boost for chemicals sales, and total 1978 exports from Belgium and Luxembourg —which are linked in economic union—rose 8.5 per cent in value during the July-November 1978 period.

In volume terms the increase recorded for the third quarter of last year, the latest available, was 3.3 per cent and, given the country's traditional dependance on foreign trade, that progression was translated into higher activity in such other sectors as power generation, electrical engineering, vehicles, paper and cardboard. It did not, however, arrest the decline of Belgium's more stagnant industries such as clothing, food and mechanical engineering.

In keeping with the economy's present pattern of reversing many of its best-established trends, the boom in foreign trade has also produced the unexpected phenomenon of no accompanying imports boom. As analysts at the Banques Bruxelles Lambert, one of Belgium's big three banks, recently pointed out: "In contrast to the classic Belgian cycle, there was no comparable resumption of imports, so that the trade deficit of the UEBL (Belgo-Luxembourg economic union) dropped 30 per cent." For the first 11 months of 1978 it was thus running at a deficit of BFr 6.3bn, as against BFr 8.8bn during the corresponding period in 1977.

Just to underline the contrariness of the economy that improvement in the Belgo-Luxembourg balance of trade did nothing last year to prevent a sudden reversal of the usually sound overall balance of payments position. Because of the headlong fall of the dollar and the exchange rate crises of May-October 1978 there was a BFr 33.2bn payments deficit for the first 10 months of the year, in contrast to the BFr 2.6bn surplus chalked up for the comparable 1977 period.

The Belgian authorities seem quietly confident that the formal introduction in mid-March of the European Monetary System (EMS), which had an apparent stabilising effect on exchange rates even during the ten first weeks of this year when its launching was delayed by a Franco-German farm policy row, will prevent a recurrence of last year's capital outflows.

Keeping in step with the D-mark inside the EMS is of course vital to Belgium. Over 40 per cent of Belgian exports go either to West Germany or Holland, and the Belgians are uncomfortably aware that any marked increase in their inflation rate, or any adverse domestic developments that would result in the franc coming under pressure, would cost the country dearly.

Belgium's dogged defence of the franc is estimated to have cost around BFr 100bn last year, and the National Bank of Belgium—the central bank—reportedly has BFr 225bn in net external assets which it is prepared to commit to discourage speculators. But it is not the country's franc policy that excites the most interest and controversy in Belgium; rather is it the policies that have resulted in soaring public expenditure and a rapidly widening budget deficit.

Deficit

In 1977 the deficit represented 6.6 per cent of GNP; last year that proportion grew to 7.2 per cent. Despite promises by the government of M. Leo Tindemans, which resigned in October 1978 over the country's insurmountable language and regionalisation wrangle, to peg the 1978 deficit to BFr 60bn, it recently emerged that the final figure was BFr 178bn. The authorities have pointed out that that was an improvement on the BFr 188bn forecast last July as the year's likely deficit, but the figure is giving rise to serious concern in industry. This year's expected budget deficit is being put at BFr 205bn.

Belgium's continued lack of a government is also starting to create problems. Since M. Tindemans' resignation there has been a caretaker government under M. Paul van den Boeynants, but with successive negotiations between the six major political parties on a new coalition it has had no mandate to undertake planned reforms of public finances. The result has been that the Government dominates the domestic capital market, for it is its present policy to avoid foreign borrowing, and it has kept interest rates artificially high while allegedly depriving industry of adequate access to the market.

Some analysts are now pointing out, however, that while fresh risk capital has become scarce because of Belgian companies' low profitability, debt financing has increased to a worrying level. Belgium's third largest bank, Kredietbank, recently calculated that the solvency ratio of industrial companies — the relationship between equity and total assets —has declined from 50 per cent in 1964 to only 29 per cent in 1977. It warned that the very marked increase in indebtedness was tying down the country's major companies to interest payments and debt redemptions, and was thus placing them in a very vulnerable position.

The Luxembourg connection

LUXEMBOURG HAS grown into an increasingly important Euro-business centre imposing on major Continental European banks conducting international business the need to be represented there. A unique feature is that much of the Euro-business is denominated in European currencies rather than the dollar. In recent years, however, the dollar has maintained, if not increased, its market share.

The city now accounts for roughly 34 per cent of the Euro-Deutsche Mark market and about 12 per cent of the Euro-dollar market. Transactions are settled roughly 44 per cent in Euro-D-marks and about 45 per cent in Eurodollars.

Foremost among international banks in Luxembourg are the West Germans, which represent about 55 per cent of the balance sheet total—or around DM 85bn. The first German international bank to arrive was Dresdner Bank International, which paved the way for subsidiaries of the other major German banks to be established. There are now 24 German banks out of roughly 100 altogether.

German banks came for a variety of reasons. A declining German domestic growth rate together with the increasing world importance of Germany's economy and trade provided a major impetus to the international side of German banking activity. Moreover minimum reserve requirements inside Germany meant that Eurobusiness, some of which was connected to this trade, had to be arranged outside Germany, especially when denominated in the Deutsche Mark, which has now grown into an important reserve currency as an alternative to the dollar.

As well as its growth as an "offshore" centre, Luxembourg's legal structure and already expanding role in international banking, holding company and Eurobond activity provided an obviously convenient financial and geographical base for the German banks. An analysis of their activity shows about 50 per cent loan business, 35 per cent in money market activity—mainly trading in deposits—and the remainder in securities comprising Eurobonds and domestic German bonds.

Luxembourg accounts for 25 per cent of the market in international syndicated Eurocredits to non-banks on 1978 figures measured against Bank for International Settlement statistics, compared with about 16 per cent in 1973. A measure of Luxembourg's importance in the Eurocredits market is the ability of banks there to syndicate large credits internally. A DM 500m Euroloan for Mexico and DM 400m credit for Denmark were syndicated entirely in Luxembourg last year.

As the centre becomes more important in this field there is growing resistance among the banks to the decline in spreads and lengthening of maturities of Eurocredits. A recent borrowing by a Brazilian agency had a 15-year tranche which had to be placed as a "club" loan owing to resistance to its syndication by the banks.

Furthermore, Luxembourg banks have been largely unassociated with efforts by French borrowers to bring the interest rate margin down to ½ per cent and below, while the recent concern among banks during the Iranian revolution was less marked because of the lower exposure of Luxembourg banks to Iranian borrowers in proportion to other centres.

Another major side of international business — which accounts for around 85 per cent of total banking activity—is the money market. In this Scandinavian banks are also quite active, although to a much lesser degree than German banks.

Luxembourg functions as a refinancing centre, accepting deposits to match against revolving syndicated credits. As well as organising credits themselves, many banks also carry credits on their books which have been granted by their parent banks. The most active deposit periods are three and six months and business in longer term positions is much thinner. Euromark deposits rarely extend beyond one year and in any case very few credits revolve on periods over one year.

Centres

Longer periods in Eurodollars can be traded more easily, when necessary, but in this currency the most active periods are again the three and six months position. In the Eurodollar market more trading is done with other centres, of which—outside London—Paris, and to a lesser extent, Amsterdam, are the more important.

A smaller but important market exists in Euro-Swiss francs, a Eurocurrency in which growth was given impetus—although limited—by the Swiss National Bank's network of controls to combat upward pressure on the Swiss francs—a network it has only recently begun to unwind.

As a part of the economic union, Luxembourg is crucially important to the domestic Belgo-Luxembourg franc market. This is largely conducted by the other major group of banks. The independent and Belgian subsidiary and branch banks. The centre is important to Belgian citizens and companies as interest is paid free of tax and the Belgian Government cannot gain access to Luxembourg bank records. Similarly, Belgians and Luxembourgers invest in Eurobonds, for which there is a lively secondary market; again, coupon payments are not subject to tax.

Eurobond secondary trading is an expanding activity for many of the banks, while some are also active in the primary market. This side of international business has become more important to Luxembourg despite the severe beating taken by the dollar straight sector last year. This importance is mirrored by the Luxembourg-based Eurobond clearing system CEDEL.

The market is also being stimulated by the abolition of coupon tax and indeed the authorities' efforts to promote the development of Luxembourg as a Euro-business centre are welcomed by the banks. There are few fears that the authorities here are sympathetic to the arguments on supervision and control of the markets, voiced for example by the U.S. and Germany.

But despite the continued growth of the banking sector, volume business is estimated by the market to have risen by only 14 per cent last year, while the banks' aggregate balance sheet total expanded around 18 per cent. Few newcomers to the banking community are foreseen. Moreover, some market observers expect the rate of growth in business to slacken off slightly in the next few years.

There are two areas of activity where growth on a high scale is not expected. In foreign exchange a small market exists for several currencies but in D-marks, for example, there is little chance of competing with a centre like Frankfurt, while dollar foreign exchange is also of limited size. Some of the Scandinavian banks deal in foreign exchange, circumventing central bank regulations imposed on their parent banks at home.

Trading in other currencies such as the Swiss franc is active, but the volume as a proportion of business in Luxembourg is fairly small and not likely to grow rapidly.

By a Correspondent

Solidly behind the EMS structure

THE LONG heralded European Monetary System (EMS) was finally born in mid-March to the immense relief of most of the smaller countries in the European Economic Community, not least Belgium.

Conceived in Copenhagen at the EEC summit meeting a year ago, its gestation period lasted throughout the following summer and should have led to a joyful birth at the last summit in Brussels in December.

But probably for internal political reasons French President Valery Giscard d'Estaing decided to turn a routine community disagreement over farm price taxes and subsidies into a major political issue, and used this dispute with West Germany, the other sponsor of the EMS, as a lever to delay the formal start of the new monetary system.

Cloak

Insead of coming into force with the New Year, EMS therefore had to wait until the March 12-14 Paris summit meeting to be granted its official birth certificate, together with a cloak of respectability, after its parents had publicly made up their tiff.

The EEC's much described but little understood system of monetary compensatory amounts—which even out the differences between actual foreign exchange rates and the theoretical levels used to calculate farm support prices—had threatened to abort the Franco-German scheme to bring more stability to Europe's currencies, boost trade and thus eventually ease dangerously high unemployment levels.

For more than two months the French claimed that these taxes gave an unfair advantage to German farmers but failed to bring home the promised bacon for French producers. The dispute became so bitter that at one stage it seemed the EMS would never start. People began to say that conditions on the foreign exchange markets were so quiet that it would be better to leave well alone, and that the formal introduction of the system would in itself incite speculation on the part of some major banks with extra funds in their pocket and safe targets to aim at.

However, at a meeting of EEC farm ministers in Brussels early in March, France decided that little more could be gained and any further delay to EMS might mean that it would never get off the ground at all. It clearly indicated to its partners that it was willing to soften some of its demands and would accept an elegant way of tactfully climbing down.

This shaky and uncertain start to EMS does not seem to have shaken the official, almost blind, faith that Belgian politicians have shown over the past few years for any form of currency stability that might be gained by adhering to a currency bloc holding out the promise of fixed or only slightly fluctuating exchange rates. Belgium's problem is that, despite being prosperous, there is nothing it can do about the fact that it is small; nor can it change the basic imperative in its industrial life of being obliged to export more than it can consume at home. Given its geographical limits and resources, successive Belgian governments over the past few years have repeated the incantation that a hard currency is vital to protect it from imported inflation and to keep prices down at home.

The Benelux countries — Belgium, Holland and tiny Luxembourg—all felt the need to band together and formed the precursor of the European joint float early this decade by limiting the fluctuations of their currencies within tight bands. The float, or snake, as it is called, started in 1972 as an EEC-wide arrangement, but with the successive departures of Britain, Ireland, Italy, France and Sweden it turned rapidly into nothing more than a D-mark zone with the smaller countries of the Benelux, Denmark and Norway floating around the all powerful German economy, on which they all depend to a greater or lesser extent.

Each time another country left the system the problem for West Germany's smaller satellite nations increased. Germany's powerhouse economy set a breathtaking pace which they were never able to match, despite their own solid and very respectable economic performance. Added to the strength of the German machine were additional problems caused by the effect on the snake of outside exchange rate movements, and principally those of the U.S. dollar. Every time the dollar took another nosedive, or speculators moved out of gold into strong currencies, the D-mark was given another nudge upwards.

Larger

The EMS will have far larger credit facilities to back it up than the snake, some wider fluctuation bands and benefits from a greater degree of political commitment on the part of the eight governments directly involved at the outset. However, it will not be protected from the effects of another volatile swing in the fortunes of the dollar, and parity changes must also be expected under EMS in the future.

For Belgium, therefore, the inclusion of France, Italy and Ireland on top of the current snake nations—and the possibility that Britain may become a full member later this year if there is a general election—will have the great attraction of bringing more balance into what was threatening to become a heavily overweighted organisation. While there is no guarantee that Belgium's problems inside EMS will be any less than they were inside the wriggling snake, Belgian politicians are obviously hoping that the political and economic counterweight provided by other major EEC countries will go some way towards solving them.

Backing up its enthusiasm for a semi-fixed system of exchange rates Belgium has foreign exchange and gold reserves of over BFr 240bn and has proved in the past that it is willing to commit a fair amount of these funds rather than be forced to devalue its currency. Last autumn, it ran up a debt of BFr 42bn with West Germany before market pressure forced through a small mark revaluation. This has now been cut back to around BFr 15bn but could soon build up again during a new crisis.

The irony of the political furore over the official starting date for EMS is that the system has, in effect, been functioning quite smoothly since the start of the year, and as far as the French franc and D-mark rates are concerned, probably since the last few months of 1978 as well.

Senior American officials have said the U.S. will be happy to co-operate with the EMS to help it achieve its goals after they had been convinced it will not compete with the IMF, although EMS participants still have to work out a comprehensive joint policy towards the dollar.

By a Correspondent

The State a heavy borrower

THE OVERRIDING share of the domestic Belgian capital market is taken up by the State either through direct Kingdom of Belgium borrowings or indirectly through State-backed agencies. These include the Fonds des Routes, the State roadbuilding fund, and the industrial credit agency, Societe Nationale de Credit a l'Industrie (SNCI). There seems little sign of a change in this trend, with the lion's share of the 1978 total of bond issues, BFr 280bn, accounted for by the State.

This year the Kingdom has already floated its first bond, which raised a record of BFr 65.5bn—although on terms that took two or three days of intensive discussion to fix and reportedly left the Minister concerned angry at the banking consortium which subscribed to a large slice of the loan. The 99½ issue price for the eight-year bond bearing 9 per cent interest is in fact a demonstration of the market's resistance to its dominance by the State.

The State bond was followed by a BFr 10bn issue for the SNCI and a loan for road building fund will be floated towards the end of March. This is expected to raise around BFr 40bn.

The State's domination of the domestic capital market principally reflects its reluctance to borrow abroad, along with its large budget deficit financing needs. Apart from BFr 12.2bn borrowed from the Bank for International Settlements (BIS) last year, the Government's declared policy is not to borrow on overseas markets. It therefore sees the domestic capital market as the principal source of financing the budget deficit. This has been officially estimated at around BFr 80bn for 1979 but unofficial estimates put it at over BFr 100bn.

The State guards its share of the capital market by discouraging most foreign borrowers from tapping the public capital market, although it does permit some international institutions to do so. Last year these included the European Investment Bank and the European Coal and Steel Community. Although the amounts raised were relatively small, the terms were finer than those obtained by the State. Foreign investors are also deterred in most cases from placing funds in Belgian bonds by the 20 per cent withholding tax on the coupon, which applies to residents and overseas investors alike.

The recent SNCI issue was free of tax, however, and attracted quite lively foreign interest. This was only frustrated by the fact that a Belgian consortium of banks and savings institutions subscribed four-fifths of the issue.

Belgian bonds are often largely subscribed by consortia of major banks and savings institutions. These are usually dominated by the three banks in Belgium, Societe Generale de Banque, Banque Bruxelles Lambert and Kredietbank. Bankers expect such a consortium to subscribe to about BFr 30-35bn of the forthcoming roadbuilding fund issue, leaving BFr 5-10bn available to private investors.

The large banks are also part of major groups holding extensive industrial and commercial stakes in major sectors of Belgian industry. It follows that many corporations can borrow directly from the banks without needing to resort to a bond issue. This tends to overcome the prospect of crowding out the corporate sector from access to funds because of the State's dominance of the public bond market.

But unfortunately this is not the whole story. The heavy level of direct and indirect State borrowing has kept long-term interest rates relatively firm. Indeed a recent report by the Ministry of Economic Affairs noted that despite the persistance of factors that indicate a continuing improvement in the economic outlook, an important constraint is the effect of long-term interest rates on the low level of industrial investment.

This would seem somewhat at odds with the policy of the National Bank. Since it raised interest rates last October in defence of the franc, the bank has been following a cautious policy of lowering its monthly advances rate—the Lombard rate—and its penal rate for discounting the "B" quota that commercial banks can discount with it. From 8.5 per cent early this year these rates have declined to seven per cent. The bank's declared policy is to combine conditions that help keep the franc stable with interest rates as low as possible, in order to encourage industrial investment.

But despite recent signs of a slightly easier tendency in long-term rates, market expectations are that these rates will stabilise around current levels. In other words the rate for an eight to ten-year bond is not expected to go below the 8¾ to 8½ per cent band. Yields are often even a few points higher as many bonds are not priced at par and often trade below issue price in the aftermarket. Observers see this stability in long-term rates as vulnerable should the franc once again become subject to speculative attack.

But one factor which is underpinning the stability of long term rates, albeit at relatively high levels, is the prospect of a continuing low inflation. Most observers do not foresee the average annual rate this year exceeding 4.5 per cent. Again, much is owed to the National Bank's cautious policy of keeping the franc firm. Although the currency was devalued by two per cent against the Deutsche Mark compared with Belgium's other major trading partners, the franc rose by 4.2 per cent in 1978.

The State is expected to account for the major part of this year's BFr 320bn of bond issues. The 1979 bond calendar is also expected to include a double issue for two Belgian cities, one of which could be Brussels.

By a Correspondent

Domestic profits under pressure

DESPITE THE recession the number of bank branches per 100,000 inhabitants has risen from 24 in 1965 to 37 at the end of 1977. The growth in deposits has been slowing down from the 15 to 20 per cent in the early seventies but is still around 10 per cent a year. The number of accounts and savings accounts in 1977 rose by 7 per cent. More than half the increase in deposits in the year ended last September was due to increased savings by individuals.

The domestic banking scene is dominated by three big banks—Societe General de Banque, Banque Bruxelles Lambert and Kreditbank.

Societe Generale de Banque was until fairly recently by far the largest of the Belgian banks. It still is No. 1 with a balance sheet total of nearly BFr 750bn, but the merger of the Banque de Bruxelles and the Banque Lambert three years ago created a close rival.

Despite the name, La General is not an offshoot of its French namesake. It began life as the banking division of the Societe Generale de Belgique, now the largest portfolio holding company in the country. Like the holding company, the bank's top echelons were almost exclusively French-speaking. Nevertheless it is the most widely spread bank, with its 1,200 or so branches scattered throughout Flanders as well as Brussels and French-speaking Wallonia.

Its influence is somewhat greater than the bald figures suggest, however. It is the main banker to the Government, plays a leading role in the flotation of Government stock, and is occasionally used discreetly by the authorities to intervene on the right side in the foreign exchange market when the Belgian franc is under pressure.

Banque Bruxelles Lambert, second in size, has some 1,055 branches, concentrated mainly in Brussels and Flanders. Its latest balance sheet totals some BFr551bn. It was formed by a merger of the Banque de Bruxelles and the much smaller Banque Lambert, the one mainly a retail bank and the other more specialised in merchant banking. The bank has up to now been concentrating on consolidating the merger and extending its overseas connections, but is already something of a counterweight to La Generale.

Third place is firmly held by the much smaller but aggressive Kredietbank. It is concentrated entirely in Flanders and Brussels, but was one of the pioneers of the Eurobond business. It has close links with the Boerenbond, the main Belgian farming organisation, and has benefited from the trend of industrial development away from the south and east of the country towards Antwerp and Brussels.

Belgian Banks indicates that the growth in business has not been matched by growth in profitability. For every 100 francs handled, the banks on average had gross profits before tax of 1.08 francs in 1970 and only 0.84 in 1977. Tax has taken an increasingly large slice, so that only eleven centimes could be set aside for reserves for every 100 francs in 1977, against 17 centimes in 1970.

Despite the decline in inflation and a slowdown in branch expansion, costs continued to rise by some 15 per cent a year between 1974 and 1977. Gross profits before depreciation and provisions have declined from 9.8 per cent of gross receipts in 1970 to only 6.8 per cent in 1977.

The Belgian banks' safety record is, however, good. The only failures in recent years have been small, and the result of fraud. Deposits are guaranteed, so that clients do not lose their money.

Control is the responsibility of the Belgian Banking Commission, which under the "mammoth" law of 1975 now has sweeping powers to investigate a bank's books and even to take over its day-to-day operations if necessary.

The main creditor interest rates are co-ordinated, in the interests of monetary policy, by a concentration committee chaired by the National Bank. After years of haggling the three main financial sectors—the banks, private savings banks and public credit organisations—have agreed in principle to carry this harmonisation further. The aim is to standardise all the conditions attached to the various forms of saving which could influence their effective yield.

If confirmed, this agreement will be voluntary rather than legislative, but it will increase the authorities' control over the maximum rates offered to depositors and ensure that the various financial institutions compete on an equal basis.

Competition is in fact intensifying, in terms of service if not interest rates. Automatic cash dispensers are becoming common. Smaller banks in particular set out to woo customers with personalised service—one, for example, remaining open until seven in the evening. Banking hours are flexible, one bank closing at lunchtime but staying open until half past three; others remain open as late as four even without lunchtime closing.

Brian Donaghy

Euromarkets role under curbs

FOR THE country which, in 1961, gave birth to the first Eurobond Belgium's importance today to the international *capital market is a shadow of* both what it was and what it could be. There is no such thing as a Euro-Belgian franc bond. The domestic bond market *is available for the* flotation of foreign bonds only to a very limited extent. The banks have been officially asked to restrain themselves in the marketing of bonds denominated in other currencies to Belgian investors.

The whole system is geared to directing the Belgian public's appetite *for bonds towards the* massive issues of the Belgian public sector.

Two factors preserve a role for the Belgian banks in the *international bond market.* First the Belgian investor remains bond-minded and ready to diversify his holdings beyond the Belgian franc. Secondly, *there* is Luxembourg. The Grand Duchy is a monetary extension of Belgium, sharing the same currency by a different name, yet it is also a foreign country. Belgian investors can derive a number of advantages from Luxembourg's dual personality which would be denied to them at home—and do it with the Belgian authorities perfectly aware of what is going on.

Category

There is a restricted category of Belgian borrower (described later) which can issue Belgian franc bonds to foreigners free of the normal withholding tax of 20 per cent of the coupon. *Bond* funds in Luxembourg, managed by Belgian banks, can subscribe tax-free. Belgian citizens can invest quite freely in these bond funds. Belgian citizens can thus avoid Belgian withholding tax.

If Belgians clip the coupons of their Eurobonds in Belgium they are supposed to pay withholding tax on them. *If they* take the bearer bonds to Luxembourg and clip them there, they do not have to pay.

The result of such inconsistencies is that any conversation with a Belgian banker about Belgium's place in the international capital market will be enlivened with winks and wry smiles on his part. Plainly nothing is as the rule book would make it seem.

Nevertheless, there appear to be three basic constraints on Belgium's involvement in the international capital market. *First, the Belgium Government* wants to preserve the bulk of Belgian savings for the Belgian Government bond market. Secondly, it wants to preserve *the credibility of withholding tax*—the fair fiscal treatment of income from property, income from investment and earned income is apparently an important principle in Belgian politics. Thirdly, the Belgian authorities are anxious that the Belgian franc does not become too widely deployed internationally.

The dominance of the State bond over the international bond in Belgium is made clear by the figures. Out of total bond purchases in *1977* of BFr 400bn ($13.6bn) State issues accounted for BFr 330bn, the Belgian private sector BFr 50bn and international bonds BFr 11.5bn.

It is notable that while the declared Belgian purchases of international bonds through Belgian banks have dropped from BFr 18bn in 1975 to *BFr 11.5bn in 1977*, the sales of such securities to foreign investors by Belgian banks have increased from BFr 10bn to BFr 17bn. Some of this rise *is undoubtedly due to the increasingly* international sales effort of the Belgian banks, but equally it must be surmised that some of these sales are to Bel*gian purchasers buying through* Luxembourg.

All three of the constraints provide part of the answer to the question why there is no *Euro-Belgian franc bond market.* Such securities would have to be free of withholding tax to the international investor and hence to one in Luxembourg. They *would thus further increase* competition for the State bonds, and make even more obvious the withholding tax loophole.

Withholding tax must be deducted at source by Belgian issuers, whether State or private sector, so there is little incentive for foreigners to buy Belgian domestic bonds. There are, however, two categories of Belgian franc bond which are tax-free for foreign investors. Bonds issued by supranational bodies like the European Investment Bank are both bearer bonds and withholding tax-free—they are consequently popular in Luxembourg and a viable proposition elsewhere.

In addition, the Belgian rules allow finance companies to issue bonds to *foreign investors* free of tax provided that these bonds are registered bonds rather than bearer bonds. The fact that they are registered allows the Government to establish that the investors really are foreigners. It also makes such bonds far less attractive to genuine foreigners because of the lower popularity and marketability of registered bonds in a bearer market. These financial issues are, however, well suited *to the* needs of the Luxembourg-based Belgian bond funds, which can thus satisfy their considerable appetite for Belgian franc paper without buying any securities on which withholding tax is deductible.

The biggest of these funds are Rentinvest, managed by Societe Generale de Banque and its Luxembourg affiliate Renta Fund, sponsored by Bank Bruxelles Lambert and its Luxembourg affiliate. All such funds operate out of Luxembourg and buy bonds of all denominations. In the ten years to the end of 1977 the total assets of all bond funds run by Belgian banks grew from LuxFr 9bn to LuxFr 45bn. They are today the collective spearhead of the purchasing power of the "Belgian dentist" whose catholic investment taste was such a support to the Eurobond market in its early days.

Power

Whether collectively or singly the Belgian dentist remains the best card that the Belgian banks can play in the international capital markets. He provides *the* banks with *placing* power of quality, if not of quantity. The banks' message is that a Belgian sale is a sale into firm hands—the certificates will go "under the mattress" and, the bankers add jovially, will quite possibly be lost or forgotten.

It is also true, for obvious reasons, that the Belgian desire for dollar paper is not what it once was. With the Belgian franc part of the "snake"—now the European Monetary System — the predilection in recent years has been for strong currency bonds—Dutch guilder, Swiss franc, D-mark and the Belgian franc itself. A typical large bond fund was down to a dollar holding of *just* 15 per cent last year—though it has since worked its way back up to around 25 per cent, much of it still short-term.

While this placing power assures Belgian banks the right to co-manage many international bond issues, the fact remains that their hands are tied in the primary market. They cannot bring foreign issuers to the Belgian bond market—the Government does not welcome the competition for funds. They cannot bring Belgian issuers to foreign bond markets—the withholding tax makes such issues non-starters.

The State chooses not to borrow abroad, except through its financial institutions. They cannot deploy the Belgian currency internationally because the Euro-Belgian franc market *has been suppressed. They can* help overseas subsidiaries of Belgian companies like Solvay to float international bonds—but even here there may be *difficulties in transferring funds* from the parent to that subsidiary for interest payments.

With all these handicaps the Belgian banks still do pretty *well in the underwriting league* tables. In a compilation by Institutional Investor giving full credit to each manager, Kredietbank Luxembourg, the affiliate *of the Belgium bank of the same* name, was placed tenth, Banque Bruxelles Lambert 16th, and Societe Generale de Banque 23rd. These banks have *extended* their international placing power just as their competitors have. Meanwhile the taste of the Belgian investors has swung towards the strong *currency sectors of the market* which were active last year

It is nevertheless difficult to avoid the conclusion that if the Belgian authorities were to open themselves a little more to the international capital market, and to accept officially patterns of investment which already exist unofficially, Brussels would regain some stature as an international financial centre.

Nicholas Colchester

Brussels Bourse

THE BRUSSELS BOURSE operates on a confusing series of levels, each of which appears to be so small as to be insignificant. Each layer, however, is only the tip of a fairly considerable iceberg, considerably more important than would be expected for a country of only 10m people.

M. Jean Reyers, unpaid President of the Bourse for the past 11 years, argues that the statistics underestimate the activity, "because we have a very liberal system and you can easily deal in shares outside the Bourse."

All dealing is restricted to qualified stockbrokers who must be members of the exchange, but in practice is not limited to the brief official opening hours of the exchange. *Investors can pass their orders* through banks, lawyers or other intermediaries but the latter in turn must pass the actual deal through members of the exchange.

Despite its superficially small scale, the Bourse has probably the largest European broking firm outside London, with around 200 employees on its books.

The most important sector—and the fastest-growing in recent yars—is that of State loans, where turnover is now more than that of foreign and Belgian shares combined. Turnover on the exchange itself in Government stocks last year totalled BFr 70bn, but it is estimated *that at least double* this business was done outside the Bourse itself.

The after-hours market does not show up in the official statistics *and it is a fair bet.* that some of it does not turn up on official tax returns either. Brokers and Bourse officials will not admit this, but it is perhaps significant *that, in the words* of one broker, "in the present political climate in Belgium there is no demand for registered shares."

Virtually all shares and loan stocks are therefore dealt with on a bearer basis. Foreign shares which in their home country would normally have to be registered in the owner's name are held in nominee names and dealt with in Belgium in the form of Belgian bearer certificates.

There is a 20 per cent withholding tax on dividends and interest payments, deducted when coupons are cashed—provided they are cashed in Belgium. Luxembourg owes part of its original strength as a banking centre to the facilities it provides for Belgian investors to cash their coupons gross. At the same time investors complain bitterly that they are subject to double taxation, as the dividends are paid from profits that have already borne company taxation.

The Brussels Bourse operates what are effectively three separate but simultaneous markets. Although they share the same building and are under the same central control, they deal for the most part in different shares and are operated by people specialising only in one market.

The three are the cash market, the Corbeille (literally basket) and the Marche a Terme, which is usually referred to somewhat misleadingly as the forward market.

The cash market deals with local *shares for which there is* only a small turnover. The price is struck by balancing the orders submitted by buyers and sellers and all deals have to be settled in cash.

The Corbeille deals are also settled on the spot, but the shares on this market are those which are more widely traded, and can notch up several successive quotations in the course of a day's dealing.

On the Marche a Terme trading is only settled at the end of *each fortnightly account* (as on the London Stock Exchange). It is not a forward market as such—although the Bourse is planning to begin an options market on a trial basis in the near future.

On both the Corbielle and Terme markets, dealing operates on the exchange for two hours each day, 12.30 to 14.30. Most of the dealing outside the Bourse is done after hours, particularly after the opening of Wall Street.

Foreign shares are dealt with mainly on the Terme market. There are 150 in all, many of them dealt in actively on a daily basis. The list expanded rapidly between 1970 and 1976, but has since grown more slowly—partly because of the recession, partly because most of the big names are already *there.*

Government bonds registered a turnover last year of some BFr 70bn, compared with BFr 67.7bn in 1977 and only BFr 21bn in 1968.

The stock market thus plays a considerable role in the Belgian capital market, particularly in underpinning the substantial fund-raising by the Government. In any one year the Government is likely to seek BFr 100bn to BFr 175bn, partly to refund maturing loans, but also largely to finance current revenue shortfalls.

Direct issues on the stock exchange are rare. Government *stocks are largely applied* for in advance by the banks and semi-State bodies, and the balance is sold direct to individuals and companies over the counter in banks and *savings institutions.*

Companies tend to raise fresh cash through rights issues. (The utility companies have recently been heavy and successful seekers of cash by this means.)

The plans for an options market are cautious and experimental, unlike the bolder Amsterdam initiative, where some $6m was invested in a new building and computers—although turnover has since proved to be less than forecast.

If the Brussels plans come off—and they are still awaiting the go-ahead from the Government—only the top three or four Belgian shares will be traded as *options at first. The idea,* M. Reyers stresses, is to test demand in a relatively small way at the outset. (In fact there are less than half a dozen *Belgian shares* which are traded internationally and sufficiently widely held to be viable candidates for an options market.) If the trial run works, the system will then be extended to some of the major foreign shares traded on the Terme market.

Brian Donaghy

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

GEC brings a little light to the boys on the dole

BY RHYS DAVID

:VERY working day at GEC's rafford Park site in Manhester, the electrical giant's iggest UK location, the 7,000 egular employees are joined by p to 12 young people, in dress nd appearance none too differnt from any other jeans-clad 16 r 17-year-olds.

But for each of the 12, walkng through a factory gate is self a novel experience, after erhaps several months or more f unemployment and fruitless nterviews.

The young people are with EC for just two weeks on one f its Employment Induction ourses, run in conjunction with ie Manpower Services Comission and with the aim of king young people out of the ole queue, if only temporarily, id showing them what happens i industry and how to approach ie task of getting a job. About 50 have so far passed through iese courses.

The courses, which are held i the heart of the Trafford ark complex, where GEC akes steam turbines, high iltage switchgear and other eavy electrical equipment, ave been going for 15 months. ie company admits they have ught it a lot that it did not iow about the outside world.

Background

Some of the young people me from stable family backounds and have simply been lucky not to get work. Others ive rammed home to GEC that ien it recruits young people normally sees only the eam: those who are strongly otivated, adequately qualified r jobs in engineering, and joy the encouragement of eir parents. The employment duction courses have their are of youngsters with crimil records or severe beavioural problems, periods in tention centres and borstals. id many come from homes th a history of violence.

Whatever their background, wever, most of the young ople have one thing in comn. Long periods of unemyment will have made them, least initially, sullen and sentful, completely lacking in confidence and unwilling or unable to communicate with adults. But the GEC team at Trafford Park also considers that if a personal interest can be shown in each of them as individuals, small miracles can still happen.

GEC's interest in the complex problems of youth employment in Manchester goes back more than five years when it responded to appeals by Government not to dispense with spare training capacity but to make it generally available. "Our agreement then to take on trainees, over and above our own requirements, on short industrial courses of up to 26 weeks represented the first lowering of the barriers," Nigel Eldred, a director of GEC Power Engineering, recalls.

More than 1,000 young people have been trained on these courses at Trafford Park by GEC, and their success led to a further request by the Training Services Department of the Manpower Services Commission for the company to try a new idea—Employment Induction Courses. These were to be aimed at young people who, because of lack of qualifications, unsettled family background or other reasons, were suffering the severe unemployment problems and were least likely to be able to escape from a life on the dole.

The scheme is remarkable not least because GEC itself has virtually no control over who comes on the course but has to wait until Monday morning to see those sent from the careers offices and job centres. Nor is there any guarantee that those told to go will turn up or last the course. Those who do decide to give it a try, however, are placed in the hands of Stan Wakeman, a GEC personnel officer who, on the point of retirement, has found a second career as father figure, careers adviser, problem counsellor, tutor and friend to his charges.

"The aim is to provide a bridge between school and work. We use a tutorial system and try to find out what makes them tick. In our experience there are not many human beings who, given individual treatment, cannot be motivated. Most people can be pulled forward a notch or two," Wakeman says.

During the course of their two week stay—for which they are paid £19.50 per week providing they attend each daily session from 8.30 to 4.30—the course members go through a variety of classroom exercises, lectures and plant visits, as well as taking part in group seminars.

Insight

The idea is to give the participants an insight into industrial activity and to equip them with some of the techniques that will be needed in applying for jobs. Sessions are spent on examining sources of job information such as newspapers, and in writing letters of application, which are then discussed by the group. Practice in being interviewed is also given. On four of the working days which the youths—boys and girls—spend with GEC, they are attached to departments within the complex and given a specific task to carry out under supervision—such as making a pair of calipers, helping in the printing department or working in the canteen.

A careers officer visits the training centre at the end of the first week to talk to the young people about their ideas of what they would like to do and he or she returns at the end of the fortnight with possible vacancies.

GEC does not know what happens to many of the young people after their two week course. But the success rate is inevitably only partial, some course members returning to the dole queue. Others get jobs with other companies while on the course, and GEC itself offers some places on the 26 week work experience programmes which the company also runs. "Managers who receive the young people in their departments for a one-day visit take a liking to them and decide they could be useful. Some of the young people are placed as a result in general office work, canteen duties or similar non-skilled jobs, or work experience programmes and if they are lucky eventually get taken on to the staff," Stan Wakeman points out. One youth whose talents had been missed at school went on to a full apprenticeship.

The course works, according to Stan Wakeman, because the industrial environment allows the young people to be treated as adults, and because of the group therapy it provides for young people who have perhaps spent months at home on the dole: "If we get them smiling at the end of a fortnight that is something."

There are failures—one or two particularly violent youths have had to be ejected—but in most cases the companionship and sense of being wanted produces changes in behaviour even within two weeks. "When they come, they sit huddled up in their parkas refusing to take them off. Some stare at the walls and refuse to speak, while others do or say things designed to shock," says Stan Wakeman. Within a few days, however, most are worn down by his indomitable insistence on helping them.

The company's willingness to become involved in problems outside its immediate area of interest is part of a wider change in industry's relationship with society, according to Nigel Eldred. "Increasing concern over environmental problems and the deep-seated nature of current economic difficulties has pushed industry into becoming much more community-orientated. It is more evident that many problems can only be solved by a partnership between industry, local authorities and government," he states.

There is a feedback, too, for GEC, not least in the much better focus it gets on industry from the various agencies it now has to deal with and from a segment of society it would not usually meet. "We have made a point of involving our personnel officers fully in the various youth schemes and they are getting a much wider view than they would normally receive," says Nigel Eldred.

Hugh Routledge

GEC instructor Bill Crawford with Raymond Jones (right) who was given an apprenticeship after attending the joint MSC/GEC induction course for unemployed youths.

But the course is also raising a number of questions about the training of school leavers and efforts to place them in jobs. Some of the young people on the GEC course are incapable of using a ruler—whether marked in metric or inch measures—and have to be shown what to do.

GEC has also found very real difficulties in obtaining sufficient numbers for its courses even though it is recruiting from the whole of Manchester, where there are an estimated 9,000 unemployed 16-18 year olds. The company wrote its own leaflet explaining to young people what the MSC-backed course was all about.

When numbers on the courses have threatened to fall it has sometimes been necessary, too, for Mr. Wakeman himself to go along to the job centres to persuade possible participants to give the course a try.

GEC has, on several occasions, threatened to close down the courses because insufficient numbers have not justified the overheads in terms of heating, rates and staff time which the company is incurring.

Insensitivity

There have been examples, too, of bureaucratic insensitivity which have actually discouraged young people from going on the courses. At one time young people were being denied unemployment pay for six weeks after the end of the course, until GEC secured a re-interpretation of the rules: they had been deemed to have been at work during the course and were being obliged to re-register.

Despite all this, GEC has been sufficiently impressed with the results it can achieve with some of society's no-hopers to want to carry on and extend the scheme. The company is planning to add training workshops to the facilities it can offer, where young people could manufacture products destined for outside sale. For recruits to this scheme it is likely to look less to the government careers and employment service than to youth clubs, voluntary groups and similar bodies which have a closer link with unemployed youths.

As well as providing the extra stimulus of working within a commercial framework, the training workshops would provide more opportunities for young people whose aptitudes lie mainly in manual work. At present the number of jobs which GEC can find on the shopfloor for young people who have come through its employment courses and work experience courses is limited because of a 19 years minimum age rule, and most of those who are retained go into office or ancillary jobs.

The establishment of training workshops would help to occupy young people until they were old enough for the shop floor, GEC believes. At the same time they could provide a pool of recruits for the dozens of small engineering and other companies on the Trafford Park estate, which sometimes needs juniors. Such a step, according to Nigel Eldred, would represent a further move towards greater involvement by the whole community in dealing with unemployment, and in particular its worst manifestation, youth unemployment.

Nigel Eldred would also like to see many more companies following GEC's lead in taking up MSC programmes for helping young people. The MSC's own figures show that up to the end of January the number of young people recruited to employment induction courses since the start of the Youth Opportunities Programme in April last year has amounted to only 1,528. Altogether a total of 55 schemes has been approved, but the throughput of many of these has clearly been small, while others have been discontinued.

First rung

Greater success has been achieved with two other schemes. A total of around 16,000 people were trained during the same period on short industrial courses of around three months and 77,000 went on the longer Work Experience Programmes. However, for the most disadvantaged, with little idea of what they want to do or what their abilities are, employment induction courses should represent an essential first rung. Those involved with the courses at GEC believe, on the basis of their own experience, that companies are either not being sufficiently encouraged to put on the courses, or are being daunted by some of the problems they run into when they do go ahead.

GEC's success should in itself be a source of encouragement, however. At Trafford Park there are now office juniors, trainee cooks, production assistants, and other young workers who fit unobtrusively into the background as important members of the company team, while others are occupying similar positions in firms elsewhere in the city. Yet as recently as last year they were, in society's eyes at any rate, desperadoes and dead-end kids.

Brazil clamps down on errant managers

BRAZIL'S CENTRAL BANK has recently been spending heavily to bail out crumbling private savings banks, brokerage firms, investment companies and other financial institutions.

Amateurish management, the bank feels, has aggravated a tendency to accumulate mistakes to a point where there is a strong temptation to cover them up by dishonest means.

Not all Brazilian financial management is slack; not only the conglomerates, but also dozens of smaller institutions have grown and competed efficiently in the last decade, albeit at a rather more leisurely pace, and with a taste for abundant paperwork.

In recent years, however, the censorship-free Brazilian Press has been hot on the trail of tales of deviation of funds, embezzlement, misapplication of emergency State funds, attempted bribery and fancy bookkeeping by less competent or reputable institutions.

Now, the Central Bank has laid down the law; a set of new regulations imposed on all would-be financial institution presidents or directors. From now on, they must either have a university degree and at least two years' valid business experience, or, if not graduates, at least five years' senior experience in the financial world. "A proper background," the bank has decided, is essential.

"Proper background" no longer means family background: sour news for a country accustomed to settling surplus relatives in directors' chairs or sinecures in business enterprises. From now on, the Central Bank insists, neither spouses nor relatives, up to third cousins, may be elected to a financial institution Board.

Board candidates must also have "impeccable reputations": a demand somewhat less categorically stated in previous laws on financial institutions.

In the words of the new rules, this means candidates for a membership of a Board must never have been prosecuted or sentenced for fraudulent bankruptcy, "prevarication," graft, bribery (as private citizens or public officials) or crimes against property or the economy. Nor must they have been managers of any company tried by the courts.

Brazilian banking, brokerage and business used to be run on the basis of complacent high-level connections, good for an official handout when needed, a privileged deal when required, or insider information when useful. Major or minor greasing of major or minor palms was not infrequent.

No one could safely proclaim that the old system is dead but at least signs of *an incipient death-rattle* of chummy old ways are becoming apparent.

Under a new government sworn in earlier this month which has declared itself eager to smarten and clean up Brazilian business, the Central Bank seems to have wasted no time in trying to impose new standards.

Diana Smith

Business courses

Design of Investigations in Technology, Slough, Berkshire. April 26-27. Fee: £140 plus VAT. Details from Fulmer Research Institute, Stoke Poges, Slough, Berkshire, SL2 4QD.

The Use of European Currencies, Luxembourg. May 17-18. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Captive Insurance Companies Briefing Conference, London. May 16. Details from Risk Research Group, Bridge House, 131 Queen Victoria Street, London EC4V 4DD.

Managing Maintenance Work, Colchester, Essex. April 23-26. Fee: £275 inclusive. Details from Management in Action, 121 St. James's Drive, Wandsworth Common, London SW17

International Cash Management, Brussels. May 16-18. Details from The Registrar, Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Strategic Management, Copenhagen, Denmark. May 14-16. Details from Transnational Management SA, 11 rue Vergote, B-1040 Brussels, Belgium.

LOMBARD

Why EEC needs a common market

BY GEOFFREY OWEN

Viscount Davignon, the EEC's Commissioner for Industry, remarked the other day in relation to the electronics industry that Europe was still failing to play its trump card, which was its continental dimension. He pointed out that in high-technology sectors like electronics national markets within the EEC were hemmed in by protectionist devices; technical specifications varied from one country to another and public procurement was effectively reserved for domestic suppliers. The result was that European companies in these sectors were unable to operate on a European scale. National protection in the form of government contracts might enable these firms to survive, at some cost to the taxpayer, but not to compete on an international basis.

Attitude

This is not a new problem. In 1970, when the Community had only six members, the Colonna memorandum on industrial policy was arguing that a co-ordinated approach to public procurement within the EEC was necessary if manufacturers were to achieve economies of scale. The memorandum noted that the reservation of public contracts for national suppliers had become illegal at the beginning of 1970, but "a change in mental attitudes is essential to ensure compliance with legal provisions."

Unfortunately that change in attitudes has not been forthcoming and it is not easy to see what political pressure can be brought to bear on governments to make the change. In the UK, whenever organisations like the Post Office or the Central Electricity Generating Board buy or threaten to buy from foreign suppliers there is a storm of protest from manufacturers and union leaders who fear that jobs may be lost.

In theory the manufacturers want to compete throughout Europe, but there is a natural fear that they will lose more than they will gain from an opening-up of public procurement. They like to rely on a captive and profitable home market as the basis for their export endeavours. For the foreseeable future their only genuine home market will be their own country, for they cannot imagine a situation in which, say, GEC would be accepted as a supplier of turbine generators or telephone exchanges to the French authorities.

The purchasers should have a stronger incentive for inviting bids from foreign suppliers, since they will lead to stronger competition, lower prices and a wider choice of technical solutions. But quite apart from the political opposition the large state-owned utilities tend to believe that their own technical solutions are superior to anyone else's. If the Post Office was forced to align its specifications with those of its French counterpart, there would have to be compromises on both sides.

There was a possibility a few years ago (and could still be in the future) that France and the UK would both order Westinghouse-designed light water reactors for their nuclear power stations; this would have led to industrial collaboration between the French and British equipment suppliers. But British insistence on its home-grown AGR put a stop to that idea.

Manufacturers will think in European terms and organise themselves accordingly when there is an awareness of a common threat.

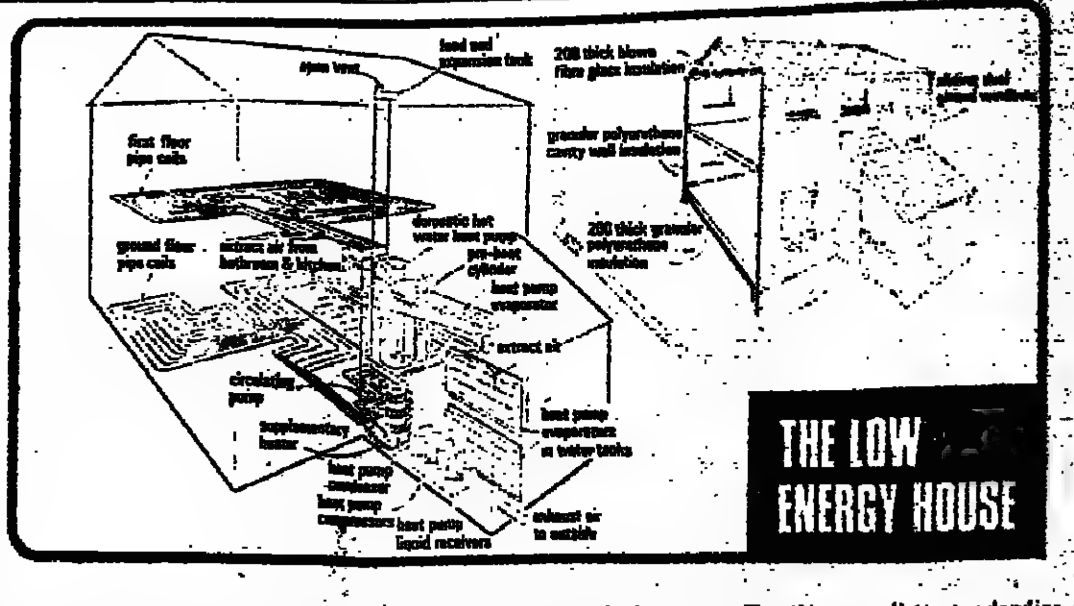
Joint ventures

There is a common threat in electronics — the prospect of American and Japanese domination. But manufacturers are reacting to it by a combination of national government subsidies and joint-venture deals with the "enemies." There are strong commercial arguments for such deals, because the Americans and the Japanese usually have the most advanced technology; in the case of the U.S. there is the further attraction of gaining access to a large, homogeneous and tariff-free market—just the advantage which the EEC was supposed to provide.

Manufacturers are less likely to look to Europe for partners unless there is a commercial incentive from for them to do so. That can only come from opening up each other's markets so that there is genuine competition through Europe. If Viscount Davignon can make a breakthrough here, he will have made a very big contribution to Europe's industrial strategy.

Warmth for 10p a day

BY RHYS DAVID

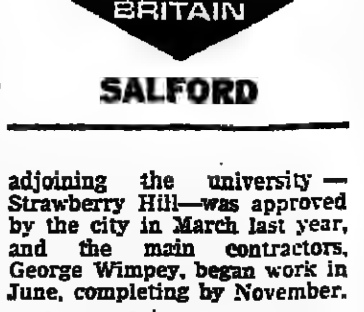


WINTER CAN be somewhat bleak in the older terraced streets and newer council estates of Salford, even when the elements do not all conspire together as in the past few months.

Yet two families in the town living in newly completed two-bedroomed council-built homes have been enjoying the benefit since January of full central heating—at a cost which over a full year is going to work out at probably only around £30—or 10p a day.

This minor miracle of modern times stems from a challenge thrown down in 1975 by Salford City Council to Salford University to show that the bright ideas of its scientists could be turned into practical schemes capable of benefitting the people of the city. In the wake of the four-fold increase in oil prices, low energy cost housing was an obvious candidate for a collaborative project. But a number of other practical criteria had to be satisfied. "It was important that production costs should be within government yardsticks for similar dwellings, and that established construction methods, materials and techniques should be used. The two sides also agreed that there should be no limitation on normal living and that maintenance costs should not exceed those of traditional housing," Mr. Roger Rees, Salford's chief executive, points out.

With this specification laid down, work on the design of the houses was carried out jointly by Mr. Martin Hoyle from the city's technical services department and by Dr. John Randell of the University. The contract for the building work on a site



adjoining the university — Strawberry Hill—was approved by the city in March last year, and the main contractors, George Wimpey, began work in June, completing by November.

The very low energy consumption of the houses — as little as one-sixth of a comparable conventional dwelling — is achieved primarily through very good insulation coupled with highly efficient use of electrically driven storage heat pumps, both in themselves well-established principles.

In the case of the Salford houses, the insulation is both very thick — 200 mm on average — and has been applied to the floor and roof space as well as to the walls. The house in effect is a well insulated box, with all the windows efficiently double-glazed.

The effect of the insulation, Dr. Randell points out, is to reduce thermal transmission to the building's exterior to a very low level, and the major part of the heat required is for warming the air which passes through the dwelling as part of the ventilation system. The heat is supplied by three heat pumps, two for central heating and one for domestic hot water, supplemented by an electric immersion heater.

The pumps—standard units used in other industrial applications—operate at night using off-peak electricity to extract heat from water tanks in an insulated brick store outside the building. The water in the tanks has to be heated at start-up, but thereafter the process is largely self-sufficient. As the pumps extract the heat from the tanks, the temperature inside the tanks drops in winter to a few degrees below freezing. But by morning the house has been heated up and will stay warm most of the day. Waste heat created during the day from cooking, and extracted from air being ventilated, is passed back into the cold tanks. Thus much of the heat lost through ventilation (one complete air change is provided every half hour) is recovered and by evening the tanks are warm enough for the heat pumps to begin work again extracting warmth.

Heat is being distributed through the two houses in different ways for experimental purposes. In the first the air is warmed by the heat pumps and then transmitted through the internal walls. In the second, the system most likely to be adopted for subsequent houses, the heat pump warms water which is circulated in pvc pipes in both the ground and first floors. Neither system is dependent on radiators, giving householders complete freedom in the placing of furniture.

The domestic water supply for the kitchen and bathroom is heated up to around 35 deg C by another smaller heat pump, with an off peak immersion heater taking over to raise it further to 55 deg C. Water heating costs are much the same as central heating costs at around 10p a day. The immersion heater can be used as the sole heat source for the house very economically.

Salford itself has been sufficiently impressed with the first two houses—built to within a few hundred pounds of the government's cost yardsticks — to have decided on another four, work on which will start soon.

For the council to standardise on the design and for the idea to be taken up by other local authorities, however, the government will have to be persuaded to raise its cost limits for this type of house.

Such a move, Mr. Rees points out, could be of tremendous benefit not just to thousands of council tenants but to the country as a whole. With tenants better able to afford heating bills, there could be a reduction in amounts of supplementary benefit and other subsidies now paid out.

There could also be a significant reduction in the rate of increase of energy consumption in Britain, helping to extend the life of Britain's energy reserves and to make less necessary a big nuclear programme.

Little doubt about Pollardstown

RACING

BY DOMINIC WIGAN

POLLARDSTOWN PLOUGHED through bog-like ground, considered totally unsuited to him, to win the Daily Express Triumph Hurdle at Cheltenham on Gold Cup day and I can see little reason why he should not repeat the win in this afternoon's Kennedy Asphalt Hurdle at Aintree.

The Stan Mellor-trained four-year-old, who drifted from 7—1 to 12—1 in the few minutes before the tapes went up, won strictly on merit. Driven into the lead two flights from home by Philip Blacker, Pollardstown always had the measure of the others in spite of a clumsy jump at the last flight.

Should there be a turn-up today, Ahmadi is likely to be the cause. Fred Winter's Welsh Pageant gelding threatened to take a hand in proceedings in that same race when coming with a wet sail on the wide outside turning into the home straight. But he appeared to get bogged down in conditions undeniably softer than he relishes.

A second possible winner for the former champion jockey, Mellor, who gained his most important training success by landing the Daily Express race, is Willy What, one of the joint bottom-weights in the Kennedy Civil Engineering Chase.

Willy What, a grey gelding by No Argument, forged clear of Indian Pyrite in impressive style when giving that veteran 11 lbs and a seven-length beating in Southwell's three-mile Ossington Handicap on March 12.

Until Night Nurse is given a good rest he seems best ignored and for this reason I shall be looking to Dramatist in the Sean Graham Trophy. Although Fulke Walwyn's eight-year-old was undoubtedly a few pounds behind the dual champion hurdler over the minor obstacles, and has yet to match Night Nurse's overall form in the chasing field, he is now showing less signs of race weariness and this, combined with a four pounds pull in the weights, should see him out on top.

AINTREE

2.00—Doubtful Owner
2.35—Pollardstown***
3.10—Willy What*
3.45—Dramatist
4.20—Major Thompson
4.50—Poker School**

Safer fishing

A radio communications safety channel for fishermen, operated by Post Office Coast Radio Stations, comes into operation on April 1, covering Scottish waters at first and later the rest of the UK taking into account the particular requirements of fishermen.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 9.30 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.25 Teliffant. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory 4.45 Wildtrack. 5.10 Excuse Me! 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Barney Bear.
7.15 Wonder Woman.
8.00 The Dawson Watch.
8.30 The Other One.
9.00 News.
9.25 The National Skating Association Centenary Gala.
10.15 Tonight in Town (London and South-East).
10.45 Regional, National News.
10.50 The late film: "Paper Lion" starring Alan Alda.

All Regions as BBC 1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: William McIlvanney. 10.45-10.50 Regional, National News.

Wales—1.45-2.00 pm Sioncyn Sboncyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Dewch I'r Ardd. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Northern Ireland—10.23-10.38 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery, William Trevor, writer (profile). 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Encounter; Midlands (Birmingham) Garden Game; North (Leeds) Let the People Talk; North East (Newcastle) Friday North; North West (Manchester) The Acting Game; South (Southampton) Cobbett: Horseman of the South; South West (Plymouth) Peninsula; West (Bristol) It's in the Blood.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.20 pm Racing from Aintree.
4.50 Open University.
6.55 Gardeners' World.
7.20 Mid-Evening News.
7.30 Star Signs.
8.00 City.
8.30 Westminster.
9.00 Pot Black 79.
9.25 Women at Arms.
10.15 Pro-Celebrity Golf.
11.05 Late News.
11.20 Rock Goes to College.
12.00 Closedown—reading.

LONDON

9.30 am Schools Programmes. 11.54 Sinbad Junior Cartoon. 12.00 Song Book. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Home and Design. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.20 A Bunch of Fives. 4.45 Magpie. 5.15 Thames Sport. 5.40 News.

5.55 Ministerial Broadcast
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 Mork and Mindy.
7.30 Winner Takes All.
8.00 Flambards.
9.00 House of Caradus.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme: London's hotels and the tourist boom.
12.10 am George Hamilton IV.
12.40 Close: Painting by El Greco with music by Juan Martin.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. †2.25 Friday Matinee: "Top of the Form," starring Ronald Shiner. 5.10 Bailey's Bird. 6.00 About Anglia. 7.00 Father Dear Father. 7.30 Gambit. 10.30 Probe. 11.00 Friday Late Film: "The Visit," starring Ingrid Bergman. 12.45 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 3.20 Family. 5.15 Happy Days. 6.00 ATV Today. 7.00 The Jim Davidson Show. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee—Prince of Menace: "Dracula Has Risen from the Grave."

BORDER

†1.20 pm Border News. 2.25 Matinee: "Let's Switch." 5.10 Garnock Way. 6.00 Lookaround Friday. 6.30 The Dog Show. 7.00 Thingummyjig. 10.30 Border Nurse of the Year. 11.00 Late Film: "Devils of Darkness." †12.35 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "Cry for Help." 5.10 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 7.00 Father Dear Father. 10.28 Channel Late News. 10.32 Late Night Movie: "Dynasty." 12.15 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.10 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sports Call. 7.30 Andy's Party. 10.30 Reflections. †10.35 The Friday Film: "The Werewolf." 12.00 Grampian Late Night Headlines followed by road and ski Report.

GRANADA

1.20 pm Dodo. †2.25 Friday Matinee: "Information Received." 5.10 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 7.00 The Girl with Something Extra. 10.30 Darts World Knockout Cup. 11.00 The Friday Film: "Quest for Love." 12.45 am Survival.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 Family. 5.10 The Rolf Harris Show. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.00 The Jim Davidson Show. 10.35 Report Extra. 11.05 The Late Film: "The Specialists."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Plant Y Byd. 6.00-6.15 Y Dydd. 10.35-11.05 The Brains Matchplay Darts Tournament. 11.00 Outlook. 11.30 The New Avengers.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.10 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.00 The Jim Davidson Show. 7.30 Devine Country. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment with Fear: "Ghost Story."

SOUTHERN

1.20 pm Southern News. 2.25 "Sidekicks." 5.10 Happy Days. 5.00 Day by Day. 6.00 Scene South East (South East Area Only). 6.30 Out of Town. 7.00 The Jim Davidson Show. 10.30 Weekend. 10.35 Southern Report. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Premier: "Rally."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee: "A Brand New Life." 5.10 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 7.00 Oh No, It's Selwyn Froggitt. 10.30 Come In If You Can Get In. 11.00 The Friday Night Film: "The Glass House," starring Alan Alda. 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Friday Matinee: "Pony Soldier," starring Tyrone Power. 4.13 Ulster News Headlines. 5.10 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Hawaii Five-O. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "A Cry for Help." 5.10 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 7.00 Father, Dear Father. 10.28 Westward Late News. 10.30 Late Night Movie: "Dynasty." 12.15 am Faith for Life. 12.20 West Country Weather.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: "Goodbye Raggedy Ann." 5.10 Give Us a Clue. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 7.00 The Muppet Show. 10.30 Appointment with Fear: "Murders in the Rue Morgue," starring Herbert Lom and Lilli Palmer. 12.10 am Andy.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 5.45 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Nigel Rees (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S) including Racing from Aintree. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Denis Tuohy (S). 6.45 Sports Desk. 7.02 Take Your Partners at the Radio 2 Ballroom (S). 8.02 John Fox conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta De Donita with Pete Winslow's Brazilian Sound. 11.02 Harry Rowell with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

‡6.50 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Liszt (S). 9.55 Roger Woodward piano recital, part 1 (S). 10.55 Interval Reading. 11.00 Recital, part 2. 12.05 pm BBC Northern Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern SO, part 2 (S). 2.00 Royal Repertoire (S). 4.05 Britten (S). 4.25 The Beecham Legacy (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: Eric Kleiber conducts Falla, Weber, Borodin. 7.10 The Lied Before Schubert (S). 8.00 Bruckner's Fourth and a Tavener Premiere concert, part 1: Tavener (S). 8.25 Stories on 3. 8.45 Concert, part 2: Bruckner (S). 10.00 Music Now. 10.45 Mozart's Piano Trios (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

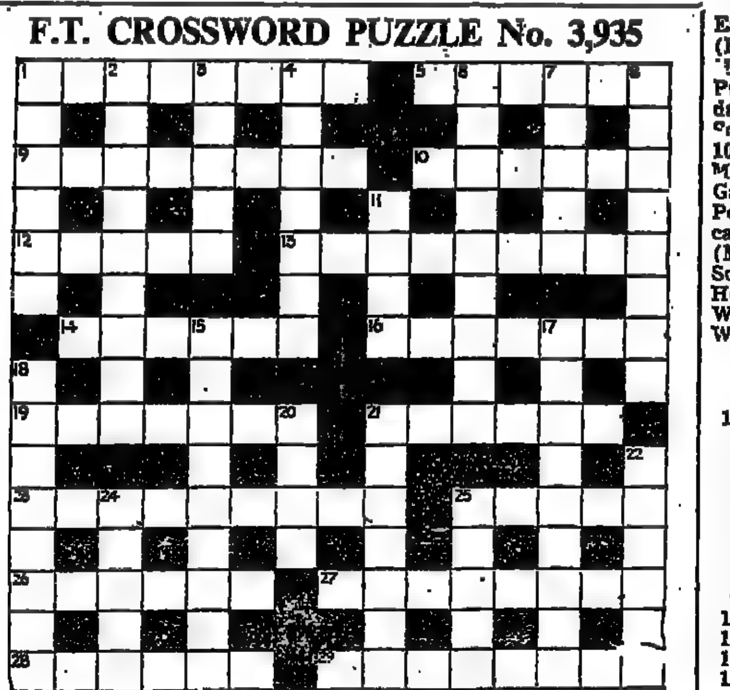
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits the Lambourn, Berkshire. 11.40 Announcements. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 The Dybbuk (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00: Join Radio 2.

F.T. CROSSWORD PUZZLE No. 3,935



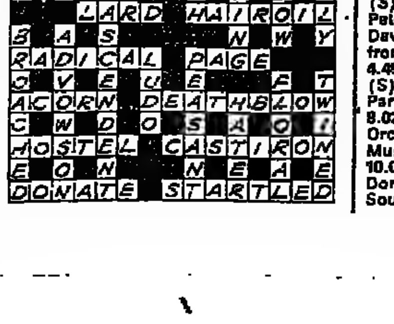
ACROSS

1 Home help is master of personal magnetism (8)
5 Went at high speed to menagerie by the sea (6)
9 Saw reduction made in anger (5-3)
10 Expresses to America (6)
12 Put up before beginning and end of count (5)
13 Spirited manufacturer puts Pluto at the helm (9)
14 Dressing right cup holder (6)
16 Stray soldier returns in uniform (7)
19 No rod is twisted under cover (7)
21 Order straight from the maker (6)
23 Sticking to 10 ac. taking notes (9)
25 Bath sends USA an unusual form (5)
26 Two quarters subscriptions go in clothes (6)
27 Suggesting evil on the left (8)
28 Blow setting pace in boat race (6)
29 N. Herbert confused by relatives (8)

DOWN

1 Spaniel setting standard of accuracy (6)
2 In advance of a 28 at Wimbledon (9)
3 Piece put in by fashionable party (5)
4 Grumble when mother goes to Neath (7)
6 Boat dismissed by aircraft mechanic (9)
7 Doctor allowed up in roadside accommodation (5)
8 Trouble with Diana's hair (8)
11 Employed in a bureau sedately (4)
15 Impudence that comes from facing icy blast (4, 5)
17 Cockney female opposing meeting (9)
18 Not caring to be without a catalogue (8)
20 Go away and keep quiet over two rounds (4)
21 Personal file with which to kip down? That is right (7)
22 Uncommon chap they say is unproductive (6)
24 Drain broken at the lowest point (5)
25 Author of travels in fleet (5)

Solution to Puzzle No. 3,934



هكذا من الأصل

THE ARTS

ema

Sternberg's oriental masterpiece

by NIGEL ANDREWS

ɜaga of Anatahan (X) ICA
ʏer Promised You a Rose Garden (X)
Scene, Studio and Classics, Haymarket and Victoria from April 5
rhead (X) Scala
of Vipers (X) Ritz

· castaway this week is von Sternberg. Lucky ɪners, and all non-Lons wise enough to flock to CA cinema, can see the that Sternberg made in after being driven from ɔstile or indifferent shores llywood. It is called *The of Anatahan*, it was made *i4 and it was the last film* he cinema's great autocrat genius ever completed. reconstituted by the ı Film Institute, the film up *pin-bright and good-* and is the rediscovery of ıar.

ɪberg's own narration, nd poker-voiced, overlays *steamy tale of Japanese* n between one woman 3 men, marooned on a volisland in the Pacific en 1944 and 1951. The ɪs based on a true incident rld War Two. A boat leading a Japanese merchant flotilla was sunk by an American bomber and its survivors fetched up on the island of Anatahan, where, *resisting* all dubious lures to break cover (the lures might have been an Allied trick), they stayed for seven years. On the island they discovered a *man* and a woman, living together but unmarried and on the inevitable sexual jealousies that ensued and escalated hangs Sternberg's tale.

The basis in truth scarcely matters, however, for the film has issued with shuddering wings and mad, *narcotic* eyes straight out of Sternberg's fantasy world. Any other Hollywood director, bowing to some notion of moral window-dressing, would have clad the story in historical relevance. But Sternberg flings history to the winds and *concentrates* on private passion and *sexual delirium*. We hear only the dimmest echoes of the distant war, and meanwhile the male population of Anatahan — *ever more bearded*, dishevelled and drunk on sexual solitude—fight, quarrel and kill in wars-of-love over the girl.

She, fetchingly played by Akemi Negishi, is an oriental Gene Tierney in a coconut-hair dress. This new, reconstituted version of the film has slipped in a couple of nude scenes Sternberg shot with her but omitted, censor-shy, when the film was first released. They add a dash of Gauguin-like exoticism, but little extra *eroticism* since the movie is bursting with that commodity anyway: in Sternberg's fabulous teasings of veils and draperies and shadows, and in Miss Negishi's own siren-lure performance.

Aficionados of Sternberg's Dietrich vehicles, notably *The Blue Angel* and *Shanghai Express*, will see the same tussle being enacted here between the Fatal Woman and the Stolid but Doomed Man. The difference in *Anatahan* is that male obduracy is not provided by the Japanese castaways—fools of Venus to a man—*but by* Sternberg's *own narration*. Rotund and pedagogic, and specialising in such *ex cathedra* maxims as "When human beings wish to *quarrel, they will soon find a* cause—the litany is of no consequence," this commentary boasts precisely the autodestruct pomposity assigned in *earlier films to heroes like* Emil Jannings and Clive Brook. It is impossible, and perhaps irrelevant, to wonder how seriously Sternberg himself believed in the narration's moral bromides. What counts is that in *The Saga of Anatahan* Sternberg the rationalist clashes head-on and classically with Sternberg the sensualist, and the tug-of-war between the two produces another, perhaps the finest of all, Sternberg masterpieces.

■

From the sublime to the ridiculous is a giant leap for mankind, a small step for the movie industry. *I Never Promised You A Rose Garden* might, in the hands of a Sternberg, have turned its overblown portrait of mental illness into a film with its own weird poetry and pitch-black humour. In the hands of director Anthony Page, saddled with a galumphing *script by Gavin Lambert, this* Z-movie reprise of *One Flew Over The Cuckoo's Nest*, set in a lunatic asylum, looks as *if* it was directed by the patients. *The film is produced* by *New* World Pictures, a company that specialises in comic-strip-style rip-offs of big Hollywood successes: *(Death Race 2000* from *Rollerball* is a recent example). But although they maintain their own standards of vulgarity here, they have missed the crazy surrealism that sometimes, *indeed often*, relieves and redeems their films.

The story turns around a young girl (Kathleen Quinlan) who enters a mental home after a *series of suicide attempts*. Cucumber-cool psychiatrist Bibi Andersson, schooled in mental crisis by her appearance in countless Ingmar Bergman films, *tackles her case: but every step* forward is balanced by a relapse caused by the dreadful things the film's all-star supporting cast of lunatics do to her. (They include Sylvia Sidney, Signe Hasso, Diane Varsi and Susan Tyrell).

Apart from an evening at home with the Borgias, there would seem to be few environments less likely to encourage rehabilitation that this gathering of rape fantasists, imaginary Joan of Arcs, lesbian aggressors and fist-swinging wardens. The film seesaws between Hollywood pseudo-psychiatry (the scenes between Misses Andersson and Quinlan) and razzamatazz lunacy (the scenes with the inmates) and ends up catapulting into incredulity any viewer trying to take up a quiet sitting position between the two.

Madness is in vogue this week. David Lynch's *Eraserhead* is a low-budget, independently-made American film which was screened at last year's London Film Festival and provoked varying degrees of shock, delight, nausea and giddy incomprehension.

This nightmare comédie noire, aptly filmed in black and white, recounts the quaint tale of Henry Spencer (John Nance), a young man who marries a girl and begets a baby by her. A simple story, you would think, were it not for the fact that Henry Spencer is an extremely bizarre young man, his pudgy fright-eyed face surmounted by a towering *bouffon* of hair, and the baby he creates is an even *more* bizarre baby. This quite inhuman offspring, whose head and neck resembles those of a shaved Bedlington terrier, and whose legs and torso are swathed mummy-like in bandages, is a surrealist *coup de cinéma* whose presence tilts the film towards macabre genius.

Elsewhere the macabre genius does not quite fire on all cylinders. Lynch seems to have looked to Kafka's *Metamorphosis* for the general atmosphere of homely horror and to Charles Addams for the hilariously revolting scene in which the hero first has dinner *with his prospective* parents-in-law. (From the tiny sparrow which clatters onto his plate oozes a thick lake of black blood). But the compulsion to search *for* "influences" pinpoints one's doubts about the film. It doesn't have quite enough style or identity of its own. It wanders through its stricken, *nightmarish streets* and basements—awash with shadow and low-life squalor—like a lost soul pining for a Gothick revival. Lynch is a virtuoso film-maker who *seems* to be in search of a subject worth his virtuosity.

*

Nest of Vipers is a long, sumptuously-coloured saga of love and lust that belongs to the Visconti school of Cinema-as-Opera. Senta Berger, Capucine and Ornella Muti play three rich women variously involved with a young student musician (Stefano Patrizi) whose bed everyone in Venice seems to covet. The story winds through picturesque and strong-scented backwaters of intrigue, rather like the canals in Venice itself, and occasionally debouches into the grand emotional panorama of a declaration of love or a murder. Now that Visconti is no longer with us, we should be grateful for moderately capable imitations. This is one. It was written by Tonino Cervi and Cesare Frugoni, and directed by Signor Cervi.

Akemi Negishi and Tadashi Suganuma in "The Saga of Anatahan"

Leonard Burt

Robert Whelan, Deborah Findlay and Margot Leicester

Theatre Royal, Stratford

All our Loving

by B. A. YOUNG

Rony Robinson's play begins with a wedding reception, but it is not the wedding of Janet (Margot Leicester) and Peter (Robert Whelan), his principal characters. Janet and Peter get married, more than once, but not to each other, and what Mr. Robinson is concerned with is the independence of marriage and romance.

The play is like a snapshot album in which the lives of these two and their friends is revealed in a series of tiny scenes, interspersed with songs that make the emotional point just reached. Peter first falls in love with Janey when he is eight and she is seven; but while he ascends the social scale by way of secondary modern, Oxford, teaching and the House of Commons, *she is content to stay* among her natural equals, marrying now and then, even having children, but content to stay where she feels she belongs, with Peter as a bonne bouche when she needs him. We assist at little snatches out of their life at every point for the last 30 years.

The venue is London's East End, but it might be anywhere else you like, given the necessary changes in the vowel-sounds. Mr. Robinson has caught the different moods with real authenticity, both of thought and of speech-patterns. "I said, 'Don't ever hurt anybody like you hurt me,' and he said, 'Fair enough.'" This is how people talk. "I've smelt of wee and milk and sick all the time since I've been married." *This is how people live, and it's* nothing to do with being poor. In fact, Mr. Robinson never emphasises poverty: his people are content with life as they live it, like good solid Labour voters.

I found it all very sympathetic and enjoyable. The pages of the album begin in 1947 and cover headline news until now, though they hadn't, on the opening night, managed to refer to the Great Vote at Westminster. Besides Peter and Janey, half a-dozen players take a score of parts, drawn in exactly the right modest detail. The best of the songs would have suited the semi-sophisticated revues of 30 years ago; the worst say very little at excessive length, but they are happily put over. Some of the dramatic sketches go on rather *too long, too*.

Dominion, Tottenham Court Rd.

Diaghilev ballets

by CLEMENT CRISP

In August 1929 Sergey Diaghilev died, and with him the single greatest artistic enterprise of this century. In commemoration of the 50 years that have passed since then, London Festival Ballet offers decent homage this week with a programme comprising *Les Sylphides*, *Petrushka* and *Prince Igor*, and shows thereby a sense of indebtedness which is singularly lacking at Covent Garden. But Festival has always looked back with affection to the Ballet Russe; its founder/stars, Alicia Markova and Anton Dolin, were both Diaghilev artists. To Markova we must turn with especial respect, since for five vital years she was entirely shaped by Diaghilev and his company, developing from 14-year-old prodigy to leading soloist. Her standards, her artistic ideals are those she learned in that crucial period, and we can still appreciate this inheritance when we watch her version of *Sylphides*.

The result is a poetic and convincing account of Fokine's much-abused choreography because every component of the production — from the fine group of principals (Elisabetta Terabust, Patricia Ruanne, Andria Hall, Peter Shaufuss) to the musicians in the pit — shares and understands Dame Alicia's own loving care for the ballet's spirit.

This is also manifest in a response to the nuances of the choreography, a quality sadly lacking in the other works in Wednesday night's bill. Festival's *Petrushka* is pleasing as far as it goes, but rough and ready crowd work, insensitive lighting, and characterisations not thought out with any sense of period (one of the Street dancers is far too modern in mime), detract from that sense of time-travel back to the Butterweek Fair in 1840.

Peter Schaufuss was the Petrushka, extremely promising because so able to project emotion, but showing almost too much feeling too physically. The photographs of Nijinsky in the part (which would show Schaufuss how to smear in Petrushka's mouth) suggest that an appalling, wounded gaze was the strongest element in the role.

About *Igor* I have the doubts of anyone who has read of the barbaric horde on the stage of the Châtelet Theatre in 1909 who roused the Paris audience to a frenzy of excitement. Patrice Bart goads his Festival lads into action with a will; there is a good deal of sinuosity under veiling from the captive girls, but the muscular voltage is too controlled.

BBC concerts

by MAX LOPPERT

: final event in the BBC *of contemporary music* rts at the London schools ısic took place on Tuesday ɜ Guildhall School concert ın auditorium of defeating ugliness and *airing-cup*-acoustics. The programme, ·tively made, and per-·d by the Sinfonietta with ssurance we take far too *for granted*, had *not* the magnetism to bring bright-into the atmosphere—but programme could?

holas Sackman's BBC com-ɔn, *given here* its first ː performance, is called *les*. (So — coincidentally, magines — was Elisabeth ·ns' string quartet, pre-ːd 10 days ago.) The title ʂ partly to an adaptation of ld variation form (another lel with Lutyens), and ỵ to the presence of two *·ated instrumental groups*, led by an oboist (who ins standing throughout). groups mirror each other's ·ties; gradually, urged by aggressive intervention of percussionists, both move a style of freely arabes-ɡ melody and skittering ·l-pattern towards the final ·imity of the note E flat.

: a single hearing, *Doubles* the attention more for the ·ure of its sounds than for ·coherent span of its argu-·. But the sounds do give ·sure. *Thirds* and sixths pre-·nate in the opening inter-·ings of the two oboes, ·ing a touch of oriental ·ume, leaving a suggestion *nake-charmer music*. Sack-·'s scoring is individual— ·, clean, elegant. Excessively ·y incursions by the per-ion *agents provocateurs* ·ed, *therefore*, *inconsistent* such deftness of touch; but ·out a score it was hard to ·w whether the miscalcula-was the composer's or *of the conductor*, Elgar ·arth.

he series as a whole has ·n loosely built around Birt-·le and Stravinsky. Of the ner *there* were *on this* ·sion two short pieces for ·e and small ensemble, con-ted by Birtwistle himself— *logue* (1971) for tenor (Neil Jenkins), the recent *Epilogue for baritone (Stephen Roberts)*. *Prologue*, on a speech from *Agamemnon*, made little impression; *Epilogue*, adding to the list of "Full fadom five" *settings*, was *gripping*. *Not for* Birtwistle the airy fancy of other composers for *The Tempest*: a secretive, melodically costive horn, four grunting *muted trombones*, and a crabbed vocal line set a scene of fascinating menace. Stravinsky's *Canticum sacrum*, composed to touch off the *majestic reverberance of* St. Mark's, Venice, was kept alive, even in Guildhall sound desiccation, by the liveliness of Mr. Howarth, the two soloists, and the excellent *BBC Singers*.

The Wednesday *evening* BBC Symphony Orchestra concert was given at (and broadcast from) St. John's. *Reducing his beat to an* amused nod of the head, a feline curve of the wrist, Gennadi Rozhdestvensky won delicious playing in the 12 Beethoven German dances, and pleaded extenuating circumstances for the overture to Hindemith's *Neues vom Tage*. The rarity of the evening was *more* Shakespeare music: nine numbers from the incidental music that Prokofiev provided for a 1937 Leningrad *Hamlet* production.

The music has not been played in Britain before; and after this performance *one* could see why. Incidental music in the concert hall is always a problem; and in addition, the level of invention, at *its lowest*, is low indeed, a kind of Prokofiev on automatic pilot. A Final March for Fortinbras, in a stunningly banal C major, suggests that the fate of Elsinore was a happy ending in full flush of Soviet optimism, complete with boys, girls, and tractors. Three of the four Ophelia songs (sung by Jennifer Smith) are dull in shape of phrase; "For bonny sweet Robin" has more individuality. But the opening number, "The Apparition," is worth hearing *more often*—*gloomily* atmospheric in its ostinato-ridden patterns and acrid brass, finally giving out on stutters of double bass and drum.

New Theatre King's College

Le Domino noir

by ELIZABETH FORBES

Auber's opéra comique *Le Domino noir*, first produced in Paris in 1837, scored a respectable *success* at Covent Garden during the 1860-61 winter season of opera in English, when Louisa Pyne sang the heroine Angèle 21 times. *Promoted a few years later to* the grander summer season of the Royal Italian Opera, the work proved too fragile musically and too unsophisticated as *drama to survive for more than* a few performances. Nevertheless, Opera Viva's revival at the New Theatre King's College on Wednesday night is a welcome *opportunity to hear a charming* if shallow score.

Scribe's libretto, carefully carpentered as always, is a variant on the Cinderella theme. *Angèle, disguised as* the black domino, has to leave the Christmas Eve masked ball at the Queen's palace in Madrid on the stroke of midnight. But *her disconsolate admirer*, Horace de Massarène, unexpectedly meets her—dressed as a maid-servant from Aragon—at the house of his friend Julien *later that night*. He sees her again, even more unexpectedly, the next morning, when Angèle is about to take her final vows and become Abbess of the Convent of the Annunciation.

Somewhat bewildered, Horace wonders if the black domino is a spirit—good angel or wicked demon. She is in fact a great *heiress* related to the Queen who, as *dea ex machina* orders the novice to leave the convent and get married, so that her fortune does not fall into the hands of the heretic Lord Elfort *Angèle, who is neither angel nor* demon, but a woman in love, chooses Horace. Auber's musical style is exactly suited to this unlikely tale. Angèle's *Aragonese Rondo in the second* act and her narration, in the third and final act, of the difficulties she has had in returning to the convent, are lively, *original and enjoyable*.

But though the tunes and harmonies sound *simple*, the vocal line is far from plain, and Anne McGivern, who sings Angèle, is severely tested in these numbers. As Angèle's *friend* Brigida, Christine Batty displays a pretty voice and a cheerful personality. Penelope *Walker brings character to* Jacinthe, housekeeper to Julien, who is himself nicely played by Kenneth Millett, the one member of the cast able to make *the spoken dialogue sound* natural. David Bartleet sings Horace with agreeable tone and polished phrasing.

Leslie Head, celebrating 15 *years as director of Opera Viva*, conducts with due regard for the sprightliness of much of the score. The more sentimental numbers, such as the duet for *Angèle and Horace in the first* act, could be more delicate of touch. Paul Hernon, who both produces the opera and has designed the simple but *adequate set, also provided* the new English dialogue. There is a further performance tonight.

St. Pancras Church, NW1

Bowers-Broadbent

by NICHOLAS KENYON

It is difficult to listen to the English organ repertoire from the turn of the century as music. Vaughan Williams' Prelude in C minor sounds like an average Anglican *cathedral organist's* meditation on Bach's Prelude in the same key: even the modally-tinged fuge subject wanders into pre-Evensong discursiveness. But in *this stylishly* played Camden Festival lunchtime recital by Christopher Bowers-Broadbent, distinctions gradually emerged. Frank Bridge's Adagio in E minor seemed at least exploratory compared with the religiose prettiness of the Andante in A by Henry Smart (an organist at St. Pancras Church).

Those great late Victorians, Parry and Stanford, gave little hint of a forthcoming revolution in English music in their pieces. Parry's Fantasia and Fugue in G had purposefulness and strength, though, and the textbook fugue subject threw up some interesting developments during its growth. Stanford's *Sinfonia eroica* was intolerably long and pompous, its reference *to the Marseillaise as* incongruous as it was unconvincing. Only John Ireland's *Villanella* struck a delightfully unchurchy note: this was genuine English pastoral, not weary religiosity. That so much of the rest sounded as if it could have fallen out of any organ loft is, I suppose, more an indictment of our Anglican cathedral organists than of the music—it was all worth hearing (once).

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A well-timed collapse

LIKE A man who has crossed a tightrope, only to trip over his own bootlaces on the far side, Mr. Callaghan may well feel that there was something illogical and unfair about his one-vote defeat in Parliament on Wednesday. It is indeed odd that he should be thrown out by the minority parties over the one issue, devolution, where Labour policy is much more to their taste than the Conservative alternative. All the same, they voted sensibly. The Government could not deliver performance of its policies on this, or indeed on any other important matter. Its time had come.

Inflation

There are, of course, times when a powerless government is pretty much what the public wants; at this time last year the Lib-Lab arrangement which made survival and reasonable stability possible was quite widely popular, simply because it seemed to have very little power to get up to mischief. However, it did have one central policy: an attack on inflation, through a combination of monetary control and incomes policy. The incomes policy collapsed during the winter, and this, together with the excessive borrowing resulting from Mr. Healey's last budget, has made monetary control very expensive.

This has three implications. First, the Government could no longer hope to revive its chosen strategy without a renewed mandate, and had meanwhile lost its main claim to minority party support. Secondly, the situation as it is now demands some reasonably tough fiscal measures, which could not be expected on the eve of an election.

Finally, even had Mr. Healey been able to put electoral considerations as firmly behind him, as Mr. Roy Jenkins did in 1970, he would have been operating in the dark. A side-effect of the industrial disputes of the winter is that some important economic information is missing altogether, while the rest is severely distorted.

Vacuum

The trends of output and foreign trade are obscure. The significance of the enormous surge of bank lending in February will only become clear with one or perhaps two more sets of figures. The public sector wage bill from August onwards is out of the Government's hands. The effects of the latest OPEC oil price increases—and indeed the likely level of oil prices later this summer—are a matter for speculation. A budget is supposed to reflect an economic assessment known as the Budget Judgment; no judgment worthy of the name could have *been formed by next* Tuesday.

Ministerial nature abhors a vacuum, and there have been disturbing signs recently that Ministers have been filling the information gap with wishful thinking. For example, the Cabinet as well as the Price Commission has recently taken to interfering with nationalised industry pricing, while continuing to assume that for budget purposes, they will achieve their financial targets. Again, only this week a negotiator for the civil servants in dispute over pay reported himself properly staggered to have been greeted by Ministers with a lecture on the 5 per cent pay policy.

Challenges

For all these reasons a May budget is likely to be much sounder than anything which could have been contrived for next week, whichever party wins the coming campaign; but the delay would be welcome even if the present economic situation were luminously clear, and presented no awkward challenges. The basic strategy of a budget *must be consistent not only with* what is known of the economic situation and prospects, but with the objectives of the government in office; and even the exchange of discourtesies on Wednesday night was a reminder, were it needed, that the approach of the two parties to the basic issues of taxation and public spending are radically different. The public now has a choice between these approaches, and the budget will be the first practical result of that choice, rather than a last despairing attempt to woo the voters.

The one danger is that the more or less open political bribery which has marked the dying days of this Parliament will be carried into the campaign. Mrs. Thatcher has already chosen to match an offer on pensions which the Prime Minister irresponsibly threw into what turned out to be his resignation speech. We now face what may be a rough campaign, but if it continued in this style it could be a very expensive one. It is to be hoped that the main argument will return to the clear choice now before us.

An EEC threat to Japan

THE EUROPEAN Commission has decided to take a tough new line in the EEC's trade relations with Japan. Hitherto, the Community's broad approach has been to try to offset Japan's massive trade surplus by increasing European exports rather than cutting back trade in the other direction. On countless occasions in recent years, the Commission has pressed Tokyo to open up its market to manufactured and agricultural goods from the Community. Now, however, the Commission appears to have lost patience. In an important change of tack, it is threatening to impose retaliatory tariffs on Japanese exports if measures to reduce the surplus are not taken within the next few months.

Tokyo Round

The Commission has apparently come to the conclusion that it will not be able to extract the concessions it wants in bilateral bargaining with Japan during the closing stages of the Tokyo Round of multilateral trade negotiations, which could be finally wound up next month. Over the last few days, Herr Wilhelm Haferkamp, the External Affairs Commissioner, has been telling the *Japanese that the Community is* prepared to wait until the next seven-nation international economic summit, in Tokyo in June, and no longer, for a serious Japanese commitment to reduce the surplus. If that deadline is not met, the Community *will start applying* counter-measures to selected Japanese exports.

Nobody would deny that there is a problem. According to the Commission's latest calculations, the Japanese surplus with the Community reached $6.4bn last year, against $5.2bn in 1977. After a promising upturn in EEC exports last year, they are once again faltering. The underlying trend in recent years has been for Japan to outsell the Community in their mutual trade by around 50 per cent, and the impact has been heightened by the concentration of Japanese exports in sectors in which European industry is in difficulty.

A number of points remain unclear. It is not known which products the EEC would act against—although the Commission has identified cars and electronics as the most sensitive areas. The legal basis for such action has not been spelled out, at a time when major question marks still surround the Community's efforts to change GATT rules so as to authorise the imposition of selective safeguards against individual exporting countries.

Some of the Commission's suggestions make good sense. The possibility of joint ventures between EEC and Japanese companies, for instance, could be further explored. The Commission is also right to point out that the answer does not lie in increased Japanese foreign investment that simply creates more capacity in problem sectors in developing countries. But the Commission is almost certainly being over-optimistic if it thinks that its new approach could lead to a major re-structuring of Japanese industry so as to make it much more dependent on imported manu factured goods.

Dangerous game

In Japan's favour, it must be acknowledged that there is some truth in the Japanese argument that Western businessmen have often lacked flair in pinning down marketing opportunities. It remains true, however, that Japanese protectionist lobbies are powerful and that the country's markets are difficult to penerate by normal Western standards.

If, however, the EEC went to the lengths of carrying out its threats, it would be playing a dangerous game—particularly as it is itself so dependent on the free flow of international trade. Nor is the EEC-Japan trade balance the sole relevant factor in a multilateral world. The fact remains that Japan's economic success gives it international responsibilities that it cannot ignore. It is to be hoped *both parties fully appreciate the* risks of a confrontation.

POLITICS TODAY

Seconds out of the ring for May 3

MRS. THATCHER'S no-confidence motion did more than just bring down the Government. The debate which preceded it spelled out more unmistakably than ever before the differences between the two major British *parties. Rarely* can these have been as great. Mrs. Thatcher has moved the Tory Party firmly to the right. Mr. Callaghan seems to be moving somewhat to the left, if only in the interests of party unity. The general election campaign which is about to begin will therefore offer the British people a real choice between two quite distinct ideologies.

The contestants on May 3: Mrs. Thatcher (left) and Mr. Callaghan (right) have broken with Butskellism, the partial concensus between the two main parties epitomised by the late Hugh Gaitskell (centre left) and Mr. R. A. (now Lord) Butler (centre right).

Mrs. Thatcher's dominance of the Tory Party at the moment is almost complete. She is judged even by those who do not much like her, and who like her views still less, scarcely to have put a foot wrong in the course of this year. She has been impressive on television and impressive in the House of Commons. She can now afford to make a low key performance without being criticised. Indeed the fact that she is low key quite often is now put down to her superior tactical wisdom, rather than her inability to outdo the Prime Minister in a Commons debate.

The dominance is more than personal. It is also political. The Tory Left has gone quiet. The voice of Mr. James Prior, the Tories' link man with the trades unions, has become strangely uncertain. Mr. Edward Heath is no longer making speeches about the need for an incomes policy. It is the voice of Mrs. Thatcher that prevails.

At the same time there has been a curiously parallel development *in the Labour* Party. Few people would claim that Mr. Callaghan has been particularly successful as a statesman in the past few months. He fluffed his return from Guadeloupe. He fluffed the incomes policy, and he fluffed the referendums. In the end his Government went down on a vote of no confidence that might never have taken place if the Prime Minister had handled matters more astutely.

Yet Mr. Callaghan's stature in the Labour Party seems to have risen. He is cheered as he rarely was when *his* Government was more obviously in command of events, and he is cheered especially by the Left. He may be the only man who can lose the election for Labour, but he is also the only man who can win it.

The Left, of course, has its own reasons. It believes that now incomes policies have taken a battering the Labour Party will be obliged to rely on more Left-wing remedies. It senses that it is winning the battle for the soul of the party, and Mr. Callaghan is not entirely discouraging that view.

Mr. Callaghan has also moved in the Left's direction on Europe. The Prime Minister himself would no doubt argue that it is necessary to take a tough line on such matters as the Common Agricultural Policy, the contribution to the Community budget, and fisheries in order to pre-empt the Left's case for British withdrawal. What happens in practice, however, is that every time Mr. Callaghan moves some way *towards the Left's position*, he is asked for more. Again the Left senses that on Europe it has an issue where it is winning, and again Mr. Callaghan is not seeking to dispel that belief.

There is something else that has done wonders for Labour unity. The Labour Party is united in its dislike of Mrs. Thatcher. The more Mrs. Thatcher moves to the Right, the more respectable it becomes for even Right-wing members of the Labour Party to move to the Left. The more Mrs. Thatcher insists, for instance, *on the need to cut public expenditure*, the more Labour members argue that it should be increased, or at least maintained. It is no longer a matter of nuances or of minor changes of direction. It is an ideological confrontation.

In the Tories' case Mrs. Thatcher's dominance comes out chiefly in economic policy, though there is also the question of law and order. Her position was outlined clearly in her speech in the no confidence debate. The phrases almost trip off the lips. There has been "too *little attention* paid to wealth creation and too much to wealth distribution." There has been a policy of "protecting yesterday's jobs without facilitating a policy for new industries." "There is too much power in the hands of the centralised state." Or again: "The balance between power and responsibility in the trades union movement needs to be restored, as between employer and employee."

A Thatcher Government, in short, promises less direct taxation and less public spending. The exceptions are internal and external security where spending would go up. The pledge to restore comparability in the pay of the armed forces was repeated categorically by Sir *Ian Gilmour, the "shadow"* defence spokesman, in the defence debate this week.

It is true that there are areas—some of them of most interest to the City—where the Tories have deliberately refused to be precise. One of the reasons for the recent rise of share prices is the belief that a Tory Government would put an end to dividend restraint and at least relax exchange control. Such measures have not been specifically promised, though they could well come. An inside view is that the Tories will *do their best* to keep off this kind of question in the election campaign, but that they might act quite suddenly once in office.

It is also true that the Tories have refused to say exactly where the spending cuts would come. Not one of the projects mentioned in the famous letter of Sir Douglas Wass, the Permanent Secretary at the Treasury, about excessive government subsidies to industry has yet been named for the chop. Even the BA 146 aircraft, it seems, could still survive. Yet the general message is fairly *clear*. The Tories under Mrs Thatcher are promising less tax and more law and order.

All that has given the Labour Party new heart. Seen from the Labour side, Tory policies are too simplistic and are exceedingly vulnerable to attack. It should be easy to point out that Mrs. Thatcher is seeking to favour the well off by pledging to cut the top rates of income tax and to discriminate against what the Labour Party calls "the ordinary working man" by reducing public expenditure. Tory industrial policies will be further represented by Labour as a threat to jobs.

The Labour Party—or some of *it—has* also learned from experience how difficult it is for *any British political party* to put radical policies into effect. Mr. Michael Foot, the Leader of the House, made a telling point about this when he quoted from the Memoirs of the late Reginald Maudling in the last minutes of the confidence debate.

Mr. Maudling wrote of Mrs. Thatcher's shadow cabinet: "There were growing differences on matters of policy, both in our approach to foreign problems and more generally. From the start, there was a tendency to move away from *the* Heath line of policy further to the right: to this I was totally opposed. In particular, I could not support the arguments of Keith Joseph, who was inclined to say that all we had done in the Government of 1970-74 was wrong and not true Conservatism . . . I could not help recalling Selsdon Park, and the swing to the right in our policies which had occurred then, and how long it had taken in Government to get back to the realities of life. I feared that the same thing was beginning to happen again."

It is that phrase about getting back to the realities of life which one expects to hear more of from the Labour side during the election campaign. For to the Labour Party Mrs. Thatcher's Tories are not only wicked; they are also naive.

That perhaps is the negative part of the Labour approach. Mr. Callaghan has also developed quite a coherent philosophy of his own. It differs from old-fashioned socialism in that it does not include nationalisation. The National Enterprise Board and other forms of government intervention in industry now provide an adequate half-way house for that. But the philosophy is all of a piece, none the less.

Mr. Callaghan believes in *providing government help for* industry—old and new—through difficult times. He also believes in providing help to individuals: hence the employment subsidies and so on. According to Mr. Callaghan, these are not piecemeal measures. They are part of a deliberate policy of government intervention while the going is rough. The more Mrs. Thatcher and her colleagues attack subsidies, the more the Prime Minister refines his defence. Mrs. Thatcher spoke in the confidence debate, for example, of the state now giving "pocket money" to the citizens. Mr. Callaghan countered with an accusation of "Tory soup kitchen social services." Again the contrast could hardly be clearer.

It is also part of Mr. Callaghan's approach to stress the *hostile* international environment and, by implication, Mrs. Thatcher's lack of experience in dealing with it. It is Mr. Callaghan who has been at international conferences all these years coping with the effect of the rise in oil prices on the domestic economy, the Japanese surplus, the weakness of the dollar and other such matters. Mrs. Thatcher, by comparison, has been mainly to Belgrade and Peking, which in Labour eyes represents a strange alliance. She has not even been invited to Moscow. It is as though Labour is the party of the establishment doing the best it can in a hostile world. Mrs. Thatcher's statement that Britain is now a nation on the sidelines is dismissed as another example of her naivete.

Not least, there is the question of the trades unions. Mr. Callaghan has lost some ground here because of the lack of success of his 5 per cent incomes policy. But there is no doubt *that he will be back defending* the idea of the social contract and the principle of progress by persuasion and co-operation rather than confrontation. The Tories, equally, seem determined that there must be some trades union reform, by law if necessary. It is this readiness to use the law, and the Labour opposition to it, which could provide one of the main themes of the election.

It is possible that the Tories will soften their approach to all or some of these issues as the campaign gets under way. For *the moment*, however, the battle lines that are being drawn suggest that this election will be quite different from any in the recent past. The contrast between Mr. Callaghan and Mrs. Thatcher is much greater than that between Mr. Callaghan and Mr. Heath, Mr. Heath and Sir Harold Wilson, or between Hugh Gaitskell and Mr. (now Lord) Butler or Mr. Harold Macmillan. "Butskellism," in so far as it represented the main strands of the two major parties, has ceased to exist. The difference is at least *as stark when it comes to policies* as it is in personalities. The paradoxical effect of the Tory move to the right is that it is making Labour produce a much more rational defence of the Callaghan version of the welfare state than might have seemed likely a few months ago.

What is clear at the start of the 1979 campaign is that the British people are being offered a definite choice. It is perhaps rather less clear that that is what the British people want.

Malcolm Rutherford

MEN AND MATTERS

Gushing over the top

U.S. Economists may fret and theorise about what OPEC's latest price rise means for the world's largest economy. But the consequence really troubling people across the Atlantic is far more basic: how will petrol pumps handle *petrol at a dollar* a gallon? This is the price Energy Secretary James Schlesinger predicts gasoline will reach within a year (it is now 75 cents).

Of America's estimated 1m pumps, 900,000 can only register prices up to 99.9 cents a gallon. They were installed *i nthe good* They were installed in the good old days when oil was $3.00 a barrel or so.

An Indiana company called Tokheim (a not uninterested observer since it is America's largest petrol pump maker, with a third of the market), says there are three possible courses of action.

One, go metric and sell petrol by the litre. But though the U.S. has started on the road to metrication, Tokheim doubts that the local weights and measures people or the general *public would wear that.*

Two, convert existing pumps—probably the most practical solution, but the cost would be enormous. Tokheim estimates $200-300 per hose, and since pumps have several hoses, the total cost to the nation would be at least $300m, probably a lot more.

Three, put in new pumps with electronic calculators which register up to $1.99. Tokheim rather favours this solution, with pumps selling at around $1,500 per hose.

It is anyone's guess as to how this crucial problem will be solved, and Tokheim itself is more conservative than James Schlesinger: it reckons that dollar-a-gallon petrol may take two years to arrive.

But already Wall Street is on to what this means. Tokheim *shares have just risen in price* from $12 to $25.

"We'll just tell them to put noughts on one ballot and crosses on the other."

Boxing clever

The prospect of conducting two set of elections on one day is spreading a tremor, I discovered yesterday, among the district councils. There are doubts, for example, about finding enough ballot boxes to go around.

On the logistics of keeping the two voting streams apart, one local authority official remarked to me: "If we're not careful, our district councillors will be getting elected to Westminster." After a pause, he said: "Of course, they might do better than the present crowd."

Taking leave

If things go according to his somewhat unusual plans, Roy Strudwick will be moving to Jersey this summer—about £1m the richer. Strudwick's Royco Group has been steadily selling off its investments in land and paying off its bank debts. Given that the High Court approves, it now intends to repay the remaining £4m as capital to the shareholders. That works out at 20p a share. Strudwick has 7m shares.

Once the Inland Revenue has relieved him of its portion, Strudwick will be free to go—still retaining a 35 per cent interest in the group.

A Royco spokesman tells me Strudwick has his eyes on North America: "We found it a very interesting market; there are some opportunities we decided we could not let anyone else exploit on our behalf."

Slow boat to Muck

City dwellers must envy the tranquility that rules the existence of the inhabitants of the Small Isles—Rhum, Muck, Eigg, and Canna—off the Scottish coast between Skye and Mull. But these simple folk, mostly farmers and fishermen, failed to appreciate the compliment paid to their way of life by the Scottish Office civil servants, who set up a leisurely committee to consider what kind of vessel should be ordered as the new ferry and mail boat.

The islanders were bold enough to suggest that there might be some urgency—that the 37-year-old Loch Arkaig, a wooden-hulled *ex-minesweeper*, which had served the purpose for some years, was fast coming to the end of its useful life.

The committee was not to be rushed. It considered (and rejected) a proposal from Caledonian MacBrayne, the ferry company, and a small boat scheme from Keith Schellenberg, entrepreneur, owner of the Kaiser's rusting steam yacht, and recent purchaser of the Isle of Eigg. Most emphatically, it rejected the plan supported by 90 per cent of the Small Islanders in a referendum that they needed a bigger boat, able to withstand the Hebridean gales and able to carry sheep and cattle, as well as passengers.

After two years, the committee came to no conclusion. So the Scottish Office imposed its own compromise. The keel of a new ship was laid last summer and the vessel is due to be delivered later this year.

But on Wednesday night, the *Loch Arkaig gave her* own verdict on the delay in her retirement. In a strong gale, the old lady gave up the struggle and settled her bottom stern-first on the bed of Mallaig Harbour. Result: The Small Isles have no ferry.

Naming them

If you say to say to anyone in Northern Ireland, "You'll be getting your name in Stubbs," he will understand just what you mean: he cannot pay his bills. Funded more than a *century ago, Stubbs Gazette* is the weekly journal that carries nothing but lists of County Court judgments for debt, liquidations and bankruptcies. There is a Stubbs in England as well—and although the general public rarely sets eyes on it, the paper is essential reading for credit controllers and finance directors.

The gazette is owned, suitably enough, by Dun and Bradstreet. But this week, the company is celebrating the centenary of yet another Stubbs—a massive business directory which, again, *few people seem to have heard* about. I asked D. and B. what connection exists between the directory and the terror of bad debtors. "Absolutely none," says director David Lloyd. "They were both launched by completely unrelated men—and *we have happened to buy them.*"

Same old tune

This item from an Essex council meeting report seems slightly undiplomatic: "the chairman said they were glad to welcome back Mr. after his long absence due to illness. Council meetings had not been the same without him, and he was happy to say that his doctor had now pronounced him fit for a fiddle."

Observer

Europe's leather industry takes a tanning

BY CHRISTOPHER PARKES

IE EUROPEAN leather lustry is being severely ıeezed by the recent rapid ·alation in raw hide prices ich has compounded the iculties it was already periencing in the fiercely com-itive world market in leather l leather products.

Raw material prices have en by about 40 per cent in past two months and though er resistance did emerge at week's auction in Leeds, sing a slight fall, they are l more than twice as high a year ago. At Leeds many failed to reach their reserve e. Middle ranges sold for 0 a kilo. Foreign buyers ear to have stayed away, and ish tanners are believed to e held off hoping that prices ht fall a bit more. There a genuine fear that some ıers may be forced out of ness and that the European munity may lose part of its e of a world market valued atively by the UN Food and iculture Organisation at nd $3bn a year. This is after some years of grow-stress, European tanners recently turned for protec-to the EEC Commission in sels.

ıe appeals for assistance the EEC tanners' federa-Cotance, have now been ed up by a formal approach Mr. John Smith, the British le Secretary and a reply to call for "restrictions" on rts of hides from the EEC pected today.

ıe boom in the price of s has been caused by a of overseas buyers from Far East and the Soviet The USSR has four new eries to supply and buyers Taiwan, South Korea, apore, Hong Kong and n are exploiting the loping markets for leather ear and sophisticated cloth-n their own countries and developing areas.

itish and other European tanners claim they could live with high hide prices if only they had a chance to compete "fairly" for these new markets.

Many of the world's new leather workers have erected im-port barriers to protect their growing domestic industries, and in other markets where access is theoretically possible, European and American tra-ders are unable to compete with the low labour costs, particularly in the Far East.

The difficulties of the Western tanners have been compounded by a severe shrinkage in the world market for hides in the last few years. Until the start of this decade there was vir-tually a free world market in raw hides. The impact of any rapid increase in demand or prices in one region or country was generally absorbed fairly rapidly. But the beef-producing countries in the de-veloping world have in the past ten years built up their own tanneries and leather factories to use their substantial raw material supplies to best national advantage.

Exports ban

To shield these industries they too have erected a number of protective devices, the most common of which has been a ban on exports of raw hides. Big producers like Argentina, Brazil and Uruguay, which 10 years ago contributed many millions of unprocessed skins to the world market, have now virtually stopped all exports. India, too, which formerly sup-plied huge tonnages of semi-processed skins for further tanning in the industrialised West, has also greatly reduced its exports.

As a result, the world market in hides has shrunk alarmingly and grown highly sensitive to shifts in demand.

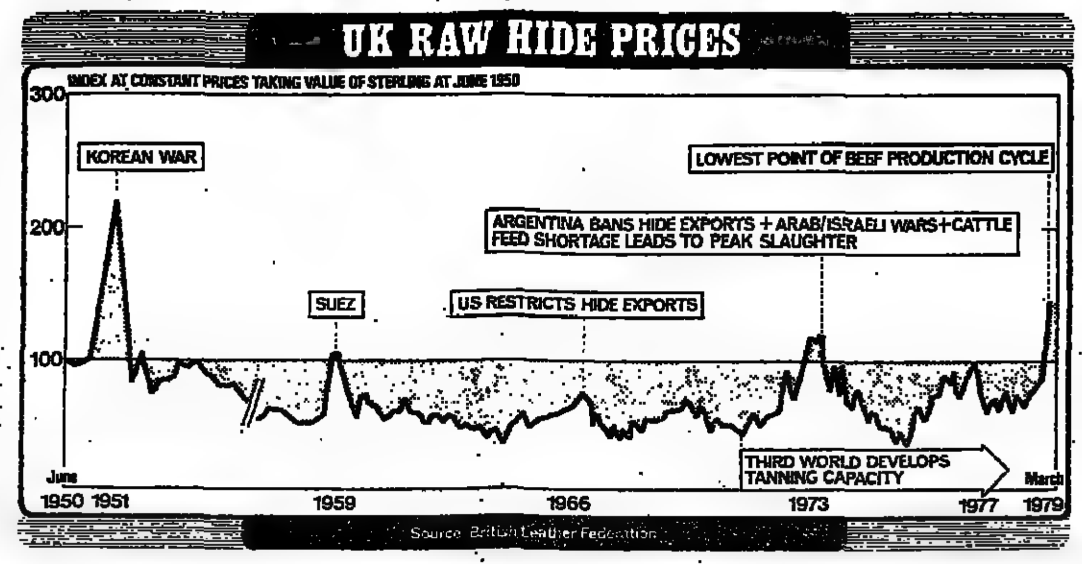
"Traditional" supplies from South America have dried up and at the same time the Soviet and Far Eastern newcomers to the market have substantially increased their demand. They are now competing aggressively for the limited supplies of free market hides available in Western Europe, North America and Australasia, and the pressure on prices and the tanners in these countries has grown to such an extent that many believe they now need government protection to main-tain a viable industry.

At present about 70 to 80 per cent of British hides are being exported, compared with 25 per cent five years ago. The money needed to buy tanners' raw materials has trebled in the past 18 months, and while the industry has been drastically rationalised over the past 30 years—the number of tanning companies has shrunk from 500 to around 150—its efficiency and experience are hardly a match for the new circum-stances.

The situation is almost identical in the U.S. where tanners have asked for the reinstatement of export controls on hides first applied in 1966 and repeated in 1972.

During 1978 the U.S. exported more than 60 per cent of its raw hide output compared with 55 per cent the year before. But exports escalated rapidly towards the end of the year, reaching a freak high of 90 per cent in December. This year sales abroad are not expected to go beyond 75 per cent, but that is still too high for the U.S. leather industry which has seen raw material prices rise 120 per cent over the past 12 months.

Aware of the U.S. industry campaign for export controls, the Japanese, who buy some 9m hides a year from the U.S., are understood to be voluntarily reducing their purchases there by 10 per cent. British proces-sors fear that to make up the shortfall Japanese buyers will turn to Europe, increasing the squeeze on supplies and setting off a new round of price increases.



Source: British Leather Federation

At present the effects of all these pressures are being aggravated by a cyclical drop in cattle slaughterings. In Britain, for example, killings are already running around 10 per cent below 1978 levels while in the EEC as a whole beef out-put is forecast to go up by no more than 2 per cent this year.

The U.S. Department of Agriculture, forecasting a new world record meat output this year in the world's major pro-duction zones, adds, however, that most of the expansion will be in sheep, pigs and poultry. Global beef production, on which the hide industry depends most, will fall about 4 per cent mainly because of cuts in the U.S. and Canada. Australian supplies will be severely limited while output in New Zealand will fall by around 15 per cent.

And there can be no prospect of any relaxation of hide export bans in the four main Latin American producers — Brazil, Argentina, Uruguay and Para-guay. Beef slaughterings there are estimated at 30m head this year, some 6m below normal.

As usual, the world shortage of beef will boost prices for meat and encourage farmers to rebuild their herds again. This in turn will eventually raise supplies of hides. The problem is that output will probably not be back to normal for around three years.

But even then there is little prospect of any relief from the pressure on hide supplies in the West. If anything, over-seas demand could grow even stronger. At present there are some limited free market sup-plies of hides from countries like Sudan, Turkey, Pakistan and Afghanistan, but there, too, the demand from developing domestic industries is beginning to grow and it is likely that the quantities available for export will shortly dry up.

Another factor influencing prices and demand for hides is the rapidly rising cost of oil and oil products from which many leather substitutes are made. Since 1973 when oil prices first took off there has been a steady swing back to leather, and with the cost of synthetics once again rising sharply, the move back to "natural" materials seems certain to continue.

There is, however, consider-able scope for increasing world output of leather and even improving the quality of many of the hides currently produced in established beef-eating coun-tries. Just as increased wealth and sophistication in the developing world have raised demand for leather shoes and clothes, rising incomes have also boosted demand for beef. And if beef consumption rises, an increase in output of hides must follow. But this is necessarily a slow process.

World trade in hides, leather and leather products is notori-ously ill-documented. Global statistics are hard to come by and not to be greatly trusted even when they are available. In 1976 the UN Food and Agri-culture Organisation (FAO) set up a committee to discuss the dearth of sound information on the hides market. "The lack of information on the industry handicaps efforts to carry out meaningful analysis," the FAO said.

But even though there is little precise information it is generally accepted that only a fraction of world hide output is converted into usable leather, especially in the developing world. In India, which has about 240m head of livestock, excluding countless goats, annual output of hides from registered tanneries is below 3m.

There are millions of live-stock in Africa and Asia, for example, which produce only meagre yields of hide—far below potential. The main reason is that poor veterinary and husbandry standards, and elaborate branding customs render many skins unusable for conventional leather pro-duction.

Even in Britain about 50 per cent of hides are down-graded because of damage caused by pests, animals scratching them-selves on the ubiquitous barbed wire used to contain stock, and cuts and tears caused by inexpert flaying in the slaughterhouse.

A recent survey in the UK showed that 40 per cent of hides were damaged by warble fly infestation. This pest lays its eggs on the legs of cattle. The grubs then proceed to burrow through the flesh of the animals, eventually emerging by chewing their way through their backs. This makes large expanses of leather unusable and ruins the skins' potential for use in high-priced applications like up-holstery.

The Ministry of Agriculture, which claims that the pest costs farmers some £6m a year in lost income from hides and reduced milk and beef yields, has recently inaugurated a five-year campaign to eradicate the warble fly. It hopes to reduce the incidence of the pest to a level low enough to permit a final extermination drive to start in 1982.

Improving hide quality and making the most of potential sources of supply will be a lengthy task and in the mean-time there are no signs that the squeeze on European tanners is going to ease without interven-tion at Government or interna-tional level.

But the last thing the Euro-pean industry wants is action which will spark off retaliation among competitors abroad, nor does it want excessive bureau-cratic involvement in what has traditionally been a compact, efficient and independent industry with highly flexible pat-terns of trade in raw materials and finished and semi-finished goods.

Mr. A. D. Paterson, chairman of the British Leather Company of Birkenhead, speaks well of the efforts of the European federation. Cotance, which has been lobbying gently in Brussels for months. It has already won some protection from cheap im-ports of finished leather goods, and now it seems likely to have presented a cogent enough case to produce the necessary con-cessions to protect tanners with-out stirring up a hornets' nest of retaliatory action around the world.

Action

"The efforts of Cotance have instilled quite a lot of under-standing of our position in Brus-sels, and I would be most sur-prised if we didn't get a bit of action," he said.

"The only way out is for the Community to take some defen-sive action. I think the EEC should only allow exports of hides on licence. The U.S. will probably do the same, and then there will be some control. The last thing we want is a complete stoppage.

"But we have to face up to it. We need action to see that the hides which are available to us don't drift away out of our con-trol."

Letters to the Editor

griculture ·ices

the President, nal Farmers' Union

—Whatever the decisions by the Council of Agricul-Ministers in Brussels this I must stress that British lture and horticulture can a great contribution to al economic recovery if are given the resources to e job. The extra agricul-output in 1978 saved on the balance of pay-. The National Farmers' has calculated that a 15 ent devaluation is neces-f agricultural net margins, al terms, are not to decline the next 12 months—and calculation assumes that will be no further ase in the rate of inflation. e Government pressed in Council of Ministers for a ble devaluation, I believe it would be agreed.

e Green Pound is greatly alued at the moment, the between the green and et rates of exchange stand-t about 27 per cent com-l to the 20 per cent last after the House of Com-voted for a 7½ per cent uation. If there is no fur-increase on the 5 per cent uation now being proposed, ability in real terms in of the most important ons of British agriculture decline by 30 per cent or in 1979/80. If this occurs, p of an 11 per cent reduc-n real net farming income 78, we shall face a serious flow crisis which would catastrophic for many esses.

e Government says an ision of low-cost, efficient ıction in the UK is neces-but with the present rate flation and spiralling costs, cost" can only be relative. sh agriculture cannot be ted to exist without price ases which will at least pace with the increasing l burdens imposed upon it. it is nonsense to pretend producer prices for food can gged while all else rises at creasing rate.

ere is, in any case, utely no need for food s to rise much if our 15 ent devaluation request is ed. It would cost about cent on food prices and han 1 per cent to the over-cost of living—this can ly be called a serious boost flation. The effects would elt only gradually over a d of months, and in some nodities as much as six or months.

there is a serious rundown British agriculture, it will ern more than the 8 per of the total workforce h relies, directly or ectly, upon the industry for ing. The national economy lose the impetus which cultural expansion will g, together with the result-increase in national income. can also help the Govern-t to stimulate employment pursue a policy of economic wth.

evaluation of the Green nd by 15 per cent will not g "parity" of price between ish farmers and their Euro-ı competitors, but it will towards parity of oppor-ty. British support prices at present substantially r than those in all other s of the EEC, and imports into this country carry subsidies ranging up to 40 per cent of the home price. Major suppliers, such as the Irish Republic, Den-mark, and the Netherlands, draw subsidies of 24 per cent, 26 per cent and 30 per cent respectively.

No other sector of British industry could cope with imports carrying subsidies of this order. Farming cannot be expected to develop on a sound basis under these conditions.

Richard Butler.

Agriculture House, Knightsbridge, SW1.

Restrictive practices

From the Director General Office of Fair Trading.

Sir,—Christine Moir (March 21) reported that Peter Wills, deputy chairman of the Stock Exchange, believed that the decision by the Office of Fair Trading to refer the Stock Ex-change to the Restrictive Prac-tices' Court was entirely political. The article also quoted Mr. Wills as saying "The restric-tive practices laws are not even applicable to the securities industry."

I must draw your attention to a joint statement by myself and Nicholas Goodison, chairman of the Stock Exchange, released earlier this week. It read: "The Office of Fair Trading and the Stock Exchange are both con-cerned about some of the public comment on the Office of Fair Trading's reference of the Stock Exchange agreement to the Restrictive Practices' Court. Some of the comment has sug-gested that the director general of fair trading has taken a 'political' decision in making the reference. Other comment has suggested that the Stock Exchange regards any future decisions of the Court as in-applicable to the Stock Ex-change. Both suggestions are untrue. The director general, in referring the Stock Exchange agreement, which had been duly and properly registered, acted under the Restrictive Trade Practices Act 1976 in accordance with his statutory duty. The Stock Exchange fully recognises and accepts the legal powers of the Restrictive Practices Court. We hope that this joint state-ment clarifies the position beyond doubt."

Gordon Borrie.

Field House, Bream's Buildings, EC4.

The value of the pound

From Mr. N. Travers

Sir,—Lex is lucky to live in a world so predictable that he can state firmly that "sterling is clearly too high" (March 28). I I do not have the fortune to be a member of his mushrooming breed of exchange rate fore-casters. But I have been follow-ing various statistical move-ments for the past 10 years as a hobby, and I would like to suggest not only that sterling is presently clearly too low, but also that the pound is going to appreciate substantially in the months ahead.

I base my view on the historic relationship between Britain's trade balance and the trade-weighted value of the pound. The balance of trade, plotted at quarterly intervals in values reported at the time (rather than subsequently adjusted), moved from a roughly break-even position in 1970 to a mas-sive deficit at the end of 1974, recovered in 1975, deteriorated sharply again in the last two quarters of 1976 and then climbed back to break even at the end of 1977 and again in the last quarter of 1978.

The trade-weighted value of the pound followed this trend, falling from breakeven (100.0) in 1972 to a quarterly nadir at the end of 1976, when the trade balance bottomed out a second time before setting out on definite recovery, and has since progressively improved. If the trade-weighted value of the pound is to maintain its historic relationship to Britain's trade balance, the pound will have to recover very considerably from now on (unless of course we are due for another series of really massive trade deficits).

Interestingly, interest rates should also be due for a very substantial fall, for the Treasury has consistently maintained Treasury bill discount rate—the key to all domestic interest rates —in a very close historic relationship to the trade balance.

Finally, it is worth noting that while the trade-weighted value of the pound has moved in a very close relationship to the trade balance, it has shown no similar relationship to quar-terly movements in the overall balance of payments as reported at the time. Presumably this is because the pound's perform-ance is directly shaped by move-ments across the exchanges.

Nicolas Travers.

Birchfield Cottage, Middle Green, Slough, Bucks.

Export credit

From the Managing Director Forest City Signs

Sir,—Following recent large advertisements by the Export Credit Guarantees Department, would-be exporters should be made aware that, as with many insurance policies, there are limitations to the cover which are not obvious until one makes a claim. Our own experience has revealed the following.

There is a long delay in settle-ment as a claim will not even be accepted until six months after the loss. Payment can be 95 per cent, 90 per cent of the loss, or considerably less, depending on the circumstances.

If the customer raises a com-plaint (real, imagined or deli-berately fabricated) concerning the quality or fitness of the goods, then normally this must be pursued in the foreign courts before a claim will be accepted. Going to law in foreign coun-tries is virtually impracticable for smaller UK companies.

There may be no cover where the interest in the goods reverts to the supplier before delivery, e.g. the customer fails to take up the goods and they are auctioned by Customs to defray demurrage (as can happen without warning in Nigeria). If the goods are sent cost and freight and the customer fails to insure or fails to make a claim, then there appears to be no cover.

In selling against letter of credit, there is no cover where the letter of credit is not accepted by the paying bank due to some minor mistake in docu-mentation, and the customer then decides not to take the goods.

ECGD is essential for ex-porters selling on credit or cash against documents, but they should be aware of its limita-tions, particularly as our experi-ence is that these limitations are not necessarily fully ex-plained initially.

Barrie Quilliam,

Park Road, Timperley, Altrincham, Cheshire.

Engineering skill

From Mr. A. Skogvold

Sir,—Allow me to comment on the negative judgment made about the British consumer elec-tronics industry in a strategy document published on March 8.

At a Norwegian who has had very strong links with the British consumer electronics industry over many years, I have learned to respect the tech-nical skill of my British col-leagues and also their practical attitude in solving technical problems. I find that it is com-pletely unfair to them to state that the British electronics industry must be saved by in-troducing Japanese technology.

I have had the opportunity to visit factories both in Japan and in Europe, and I can state quite firmly that the tech-nological level in Europe is quite as high as in Japan and that Europe has been the leader in developing colour TV to its present state of technical excel-lence. British engineering skill has presented to the world Tele-text and Prestel and should have a strong technical position in the future development of visual aids.

The reason for the present state of declining profitability must therefore be found else-where in the manufacturing and marketing process. It is cer-tainly not because Britain is a technological backyard.

Andreas Skogvold.

9, Sommerfield Crescent, Haddington, Scotland.

Health at work

From the Director of Medical Services Health and Safety Executive

Sir,—I read with interest the letter (March 23) from Messrs Baker and Lloyd-Jones on occu-pational health services. Obviously we welcome support for anything that looks like a cost-effective way of improving health and safety at work. We published a discussion paper in 1977 the object of which was to stimulate discussion on the future development of occupa-tional health services and it made certain suggestions very much along the lines of Messrs. Baker and Lloyd-Jones's letter. We did not consider questions of compensation at all, since pre-vention is our business, but put forward our views very much in the spirit of the Health and Safety at Work Act. Any further contribution to the discussion or further proposals or comments on cost-effective solutions is extremely welcome. We are anxious to keep up the improve-ment of interest which has stemmed, partly from the Act, and partly from developments since it came into force.

K. P. Duncan.

Health and Safety Executive, 25, Chapel Street, NW1.

Today's Events

GENERAL

UK: Mr. Denis Howell, Environment Minister, speaks at Association of Professional, Executive, Clerical and Com-puter Staff conference, opening at Winter Gardens, Blackpool (until April 2).

Mr. David Steel, Liberal Party chairman, addresses Welsh Liberal Party on eve of con-ference, Rhyl Town Hall.

Sir Kenneth Cork, Lord Mayor of London, leaves for five-day visit to Isle of Man, attending Tynwald (Parliament) millenium celebrations.

Duke of Edinburgh visits Royal Ordnance Factory, Radway Green, Cheshire; the Preston Employment Rehabilitation Centre; and opens new Preston Polytechnic library.

Lloyds conference on Waybills and short form documents at London Press Centre.

London Chamber of Commerce and Industry seminar on Ohio, U.S., business oportunities for UK companies.

Royal Society of Health con-ference concludes, Eastbourne.

Overseas: Arab Ministers summit meeting in Baghdad issues statement on sanctions to be taken against Egypt.

Italian Communist Party con-gress opens in Rome.

Erasmus Commission (on Muldergate) reports on South African Cabinet's knowledge of cash dispensed by Ministry of Information.

Organisation for Economic Co-operation and Development meeting in Paris on crisis in shipbuilding industry.

Pan-Arab strikes in protest against Egyptian-Israeli peace treaty.

International Energy Agency governing board meets in Paris to review policy to cut oil con-sumption by 5 per cent.

Third day of IATA meeting in Geneva to discuss air fare price rise because of fuel cost increase.

International trade fair in Lyon, France (until April 2).

International leathergoods exhibition opens in Florence, Italy (until April 2).

International food exhibition opens in Porto, Portugal (until April 8).

PARLIAMENTARY BUSINESS

House of Commons: Merchant Shipping Bill, Legal Aid Bill, Land Registration (Scotland) Bill, Credit Unions Bill, remain-ing stages. Various procedural motions.

COMPANY RESULTS

Final dividends: Clifford's Dairies. Chas. Early and Marriott (Witney). Lyle Ship-ping. North British Canadian Investment Company. Vosper. Ward White Group. Watts Blake Bearne and Co. **Interim dividends:** A.B. Electronic Pro-ducts Group.

COMPANY MEETINGS

Alexanders Holdings, Semple Street, Edinburgh, 12. Drayton Premier Investment Trust, 117, Old Broad Street, EC, 12.15. Exchem Holdings, 30, Cursitor Street, EC, 11. GRA Property Trust, White City Stadium, Wood Lane, W, 11. Glass and Glover, Connaught Rooms, Great Queen Street, WC, 12. Hill and Smith, Chamber of Commerce House, 75, Harborne Road, Birmingham, 12. Hirst and Mallinson, Perseverance House, Firth Street, Huddersfield, 11.30. Howard Machinery, Howard Rotovator Ltd., Saxham, Bury, 12.30. Wagon Finance Corpora-tion, Hallam Tower Hotel, Sheffield, 12. Ward Holdings, Winchester House, 100, Old Broad Street, EC, 2.30. Thomas Witter, Witnell House, Bury Lane, Witnell, nr. Chorley, Lancs., 12.

Lunchtime Music, London

Organ recital by James Dalton at St. Paul's Cathedral, 12.30.

SPORT

British Open Squash Cham-pionships, Wembley.

Lucas down at midway after poor UK result

DUE to the poor performance of the UK market, profits before tax of Lucas Industries dropped from £27.6m to £24.1m in the first half year ended January 31, 1979.

However, the group's companies in Europe and other overseas areas performed well, and increased profits by 28 per cent.

Earnings per share for the first half are shown at 18.89p against 22.99p. The interim dividend is lifted from 2.334p to 2.5674p—the previous total was 9.1789p from pre-tax profits of £73.1m.

Directors say that outcome for the current year will depend on *the industrial climate in the UK.* Steady and sustained production is essential to restore profitability of the domestic business to a satisfactory level.

However, notwithstanding reduced UK vehicle production the group's technical strength and expertise will further increase worldwide sales. Prospects are good and market penetration continues to rise, the board states.

Turnover for the six months was £510m, a £48m increase. The Lucas share of associated companies' (all overseas) turnover was a further £61m giving a total turnover of £571m which is £64m higher than the previous year.

Sales in Europe increased by 21 per cent and in the U.S. by 43 per cent. Direct exports from the UK were up 24 per cent to a record £86m.

During the whole of the first half there has been a series of disruptions to production and sales caused by the wide-ranging problems both within the industry and elsewhere the directors state.

Thus the UK production of vehicles showed a fall of 18 per cent on the previous year. An additional factor was the considerable spending on new projects not yet on stream, but *which will make an important* contribution in the future.

	Half-year 1979 £m	1978 £m
Internal sales	510.14	462.39
Trading surplus*	26.87	30.34
Associate profits	3.06	1.09
Interest payable	5.84	3.82
Profit before tax	24.09	27.61
Tax†	5.81	5.74
Net profit	18.28	21.87
Minorities	.53	.30
Attributable	17.75	21.57

* After depreciation £13.21m (£11.38m). † Includes ACT on interim dividends of £1.19m (£1.08m).

See Lex

HIGHLIGHTS

Lex contemplates the massive gyrations in the equity market after the opposition's triumphant no confidence vote. **BICC** managed reasonable growth and Lex also looks at the strike-affected **Lucas Industries** results and spotlights the poor final quarter at **House of Fraser** which was followed by the sub-standard January sale at the Harrods "flagship." Elsewhere, **Alexander Howden** revealed the cost of the move to the new Billiter House headquarters as the insurance brokers' expense ratio slumped badly. **Solicitors' Law Stationery** took the wooden spoon for the day's worst results as the effects of the abortive move into Belgium and France, coupled with the cost of merging two divisions, combined to pass the final dividend. **Royco,** whose chairman is to move to Jersey, repaid a capital surplus in the manner of Brent Walker. The house-builder emphasised once more the strength of the housing boom.

St. Piran judgment expected this morning

BY JAMES BARTHOLOMEW

EVIDENCE THAT various off-shore companies which own shares in Saint Piran might have given incorrect information about their beneficial ownership was brought before Mr. Justice Brightman yesterday in the course of an injunction hearing.

Mr. Max Lewinsohn, leader of a ginger group wanting to remove the existaing board of Saint Piran, is seeking to prevent *the companies from voting* at the EGM called for today. The meeting will be adjourned to 2 pm so that Mr. Justice Brightman can deliver his judgement at 10.30 am, before the crucial vote to eject the board takes place.

Mr. Robert Wright, QC, for Mr. Lewinsohn, brought forward voluminous evidence in the attempt to prove that information given by the offshoot companies about their beneficial owners was unlikely to be true. Most of the companies had claimed that they themselves were the beneficial owners of Saint Piran shares. But Mr. Wright suggested that they might be in breach of company law having given incorrect information.

Two of the companies, Sterling Azalea and Apricot, had the same address, he said, they had the same company secretaries, nominal paid up capital and no charges registered. They were both owned by the same companies, Allied Nominees and Corporate Secretaries which in turn had nominal capital and no registered charges.

Similar evidence was given about the other companies except that less information was available about them. They were based in Panama and Luxembourg which have less stringent rules about disclosure than Hong Kong, where Azalea and Apricot are based.

More dramatic than these allegations was evidence produced by Saint Piran itself. Saint Piran produced letters from most of the companies dealing with their beneficial ownership. It became apparent that most of these letters were date-stamped as having been received by Saint Piran on the same day.

The legal argument has primarily been about whether Mr. Lewisohn has the right to make Saint Piran enforce its rights. The Saint Piran sie, represented by Mr. Leo Price, QC, maintained that a private individual had no right to bring such a case.

If Mr. Lewinsohn fails to get his injunction tomorrow he can appeal. This could lead to further postponement of the EGM and a case involving some important points of law regarding the rights of shareholders to bring the law to bear on their directors.

£6.8m rise for News Intl.

A TRADING improvement in all its major divisions enabled News International, newspaper publishing group, to boost 1978 taxable profits from £18.15m to a record £24.93m, on turnover of £177.85m compared with £156.64m. Better results in the U.S. were also a contributory factor.

When reporting first-half profits up from £3.85m to £5.63m, the directors said that in spite of further industrial action in the second six months, they were cautiously optimistic with regard to full year results.

Mr. Rupert Murdoch, the chairman, now says the 1978 results are considered satisfactory having regard to the loss of some 80m copies of newspapers caused by industrial stoppages during the year.

The group's publications include the "Sun" and the "News of the World."

Associates contributed £1.87m to profits against £15,000 losses last time. Tax takes £13.56m (£9.18m) and there were extra-ordinary credits of £2.05m, against £0.93m.

Earnings per 25p share are shown ahead from 44.735p to 56.786p and the dividend total is raised to 9.93p (8.9p) net, with a 5.48p final.

● comment

There are two surprises in News International's figures. The first is that they are well above the average of estimates prepared during the year by City analysts. The second is that the dividend is up only 10 per cent when there is scope, under the cover relaxation rule, to increase it a little more than the statutory amount. The actual result and the estimates can be almost reconciled by the fact that the U.S. performance was better than expected, plus the LWT contribution *was at the old 38 per cent* of equity figure rather than the 24 per cent which News owned at year end. This was at the accountants' insistence because News brings LWT's July result into its December year. The stake was reduced between July and December. The dividend surprise is a little more perplexing particularly as the company is saying only that it felt it would wait to see if dividend restraints are axed by a new Government. The shares, at 335p, are on a p/e of 5.8 and a yield of 4.6 per cent.

Mercantile Trust action starts

One hundred and nine shareholders of Mercantile Investment Trust, one of the largest investment trusts with net assets of £115m, yesterday urged other shareholders to vote for a special resolution which is to be considered at the AGM next month.

The resolution requires "the directors of the company to submit to members, as soon as practicable but not later than the annual general meeting to be convened in 1980, proposals which will enable all shareholders and stockholders to obtain value for their holdings equivalent to that which they would receive on the winding up of the company."

Effectively, this means the shareholders want Mercantile to be taken over by another company or liquidated, or turned into a unit trust.

The group of shareholders points to the disappointing performance of Mercantile when compared with other investment trusts as a main reason for seeking this move.

Between April 6, 1965, and December 31, 1978, the shareholders point out that Mercantile was the "least successful" of the trusts which make up the FT Actuaries Investment Trust Index "by a substantial margin." Its price gained only 2.3 per cent "whereas the most successful managed a gain one hundred times as great at 235.2 per cent and practically matched the rate of inflation."

The group adds "ten years ago the asset value of each Mercantile ordinary share at the accounting date was 78.8p when the share price was 70.6p. This year the unaudited asset value was 57.7p when the share price was 41p.

"Shareholders cannot restore Mercantile's asset value to its 1969 level but by passing the resolution they can at least require their directors to submit proposals for the effective elimination of the discount.

"This might be achieved by selling the company and could certainly be achieved by unitisation or liquidation.

"The comparatively small amount of Mercantile's unrealised taxable gains, together with the abolition of the dollar premium surrender requirements and the reduction in the rate of capital gains tax for trusts in 1978, mean that its break-up value is now close to its asset value.

"If proposals such as those envisaged by the resolution had been implemented on January 31, 1979, shareholders could reasonably have expected to receive at least 5p per share, which is 34 per cent above the price of 41p on that date."

The group of 109 shareholders concludes, "an investment trust exists to benefit its shareholders. The existence of the discount prevents shareholders from receiving the full value of their own assets. The indisputable fact that the discount will not be eliminated without action of some kind and Mercantile's lack of growth over nearly 14 years indicate that its continued existence as an investment trust no longer benefits its shareholders."

The Mercantile board has riposted. "Implementation of resolution would confer very substantial benefits on the holders of fixed interest securities, two of whom have apparently been the moving force behind it." Shareholders are urged to vote against the resolution.

Mercantile argues that the proposers of the resolution state that the effective elimination of the discount could certainly be achieved by unitisation or liquidation. "There is no such certainty," says Mercantile, and warns of the risk "that a large proportion of the discount would be expended in meeting these objectives to say nothing of the capital gains tax liabilities and costs of reinvestment that might be involved."

Mercantile also warns that if it becomes a "forced seller" only a low price would be obtained. "But a forced sale where the seller has to accept not only a low price but out of the proceeds has to repay at redemption values the fixed interest securities, would be doubly disadvantageous to ordinary shareholders."

The meeting is to be held at the Chartered Insurance Institute, Aldermanbury, London, EC, on April 24 at 12 noon.

Royco profit jumps and making £4m repayment

FOR 1978 pre-tax profits of Royco Group, property developer and financier, surged from £1.23m to £2.84m on turnover ahead from £14.95m to £16.07m.

Tax took £1.49m compared with £0.43m and stated earnings rose from 3.98p to 6.71p per 25p share. The total dividend is raised from 1.5p to 2.5p with a final payment of 1.5p, and the directors propose to return to members surplus funds of £4m.

The directors state that the group has funds available for investment and is well placed for the future.

Mr. R. H. Strudwick, chairman, will be moving abroad to seek overseas investment opportunities for the group but will remain a director. Mr. D. K. Wilmot will be appointed chairman.

The directors proposed a partial repayment of capital amounting to 20p per share, reducing the shares from 25p to 5p. Subject to Treasury permission (in the event of dividend restraint being continued) they intend proposing a dividend for 1979 of not less than that paid for 1978.

Regarding the partial repayment the directors report in recent years the group has steadily reduced its investment in land both by development and selective sales. This programme progressed well and they have decided that current market conditions do not justify the maintenance of a long-term land bank on the previous scale.

Some of the funds realised have been used for the repayment of all the group's bank borrowings. The group now has funds in hand and taking account of further amounts shortly to be realised by completions due to take place in the near future, they conclude that £4m is surplus to requirements and should be returned to members.

● comment

By repaying £4m, or 20p per share, Royco has had to show that the long-term land bank is surplus to trading requirements and the reconstruction is thus not a disguised form of income payment. The rush to buy Orme Developments last year indicated the scarcity of quality building land but other housebuilders, such as Crest, have long maintained that large land banks have become an overdemanding magnet for capital resources. Royco has been coming round to the latter view over the past few years—the long-term land bank had fallen from £4.5m to £1.5m in the 1978 balance sheet—and is clearly content to hold a bank sufficient for only two years. The formula looks to be working particularly since margins are up from 8.2 per cent to 17.6 per cent. The shares climbed 3p yesterday to 56p where the yield is 6.8 per cent. The p/e of just over 8 may be supported in the next, downward, stage in the cycle by the fact that the weight of financial gearing should be less oppressive.

SQUIRREL HORN (maker of sugar confectionery, etc.)—Results for 1978 reported March 3. On C.C.A. basis, historical pre-tax profit, £626,664 (£480,527), adjusted to £506,163 (£346,920). Group fixed assets £1.47m (£1.1m), net current assets £1.05m (£0.99m), deferred liabilities £116,868 (£212,673). Net liquid funds increased by £212,476 (£34,648 decrease). Ian Yates holds 10.35 per cent of equity.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assocd. Book	2nd int.	3.23	—	2.52	5.13	4.06
RBA Group	2nd int.	1.78	—	1.59	2.66	2.41
BICC		5.29	—	4.8	7.79	7.05
Biddle Hldgs.		5.25	May 21	4.68	7.45	6.75
Booker McConnell		3.95	July 2	3.63	7.9	7.19
British Mohair		2.34	May 18	2	3.14	2.72
Coates Bros.		1.73	July 2	1.56	2.59	2.35
Desoutter		3.89	May 20	3.27	6.16	5.52
House of Fraser		3.44	June 22	3.08	5.32	4.77
Alexander Howden		4.5†	May 21	4.09	7	5.59
Ingall	int.	0.67	May 24	0.61	—	1.87
Percy Lane		2.11	June 1	2.08	3.31	3.31
Leyland Paint	2nd int.	2.07	—	2.3	—¶	4.63‖
Lucas	int.	2.57	May 15	2.33	—	9.18
Magnolia		2.55	June 1	1.57	3.47	2.73
Bernard Matthews		5.7	—	5.15	10.2	9.23
Mixconcrete		2.14	—	1.92	3.57	3.19
News International		5.48	June 7	4.9	9.93	8.9
Radley Fashions	int.	1.5	June 1	1.44	—	4.31
Austin Reed		4.36‡	July 2	2.77	6	4.33
Royco		1.5	July 3	1	2.5	1.5
Solicitors' Law		Nil	—	2.41	1.47	3.88
W. Williams	2nd int.	0.63	—	0.63	1.13	1.13
Wolstenholme Rink		3.22§	—	2.28*	—	3.91*
Wombwell	int.	0.37	May 25	0.34	—	1.34

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout, Treasury consent given. § Subject to Treasury consent. ¶ Final of 2p recommended, if legislation permits, making 6.9727p total. ‖ For 15 months.

Magnolia improves to £0.97m

The satisfactory improvement in 1978 profits at Magnolia Group (Mouldings) turns out to be a rise from £595,000 to £972,000 on turnover of £5.47m, against £4.66m.

Figures for 1977 have been re-stated, following the change in accounting policies. Sales in the current year compare favourably with the same period of 1978, the directors say.

Tax charge for the year is £396,000 (£211,000). Earnings per 10p share are shown at 38.05p (21.69p) and 35.58p (20.38p) fully diluted.

A final dividend of 2.55p makes a maximum permitted total of 3.472326p, against 2.739029p. A two-for one scrip issue is also proposed.

UK COMPANY NEWS

Alex. Howden falls to £17.7m

Higher depreciation and interest took their toll of Alexander Howden Group and 1978 pre-tax profits are shown to have fallen from £21.36m to £17.73m. At the halfway stage an advance from £10.35m to £11.5m was reported.

Stated yearly earnings per 10p share declined from 18.19p to 12.12p. In the light of last May's rights issue the Treasury has given permission for a total dividend of 7p (5.59p)—the final payment being 4.5p net.

	1978	1977
	£000	£000
Trading profit	21,682	21,966
Depreciation	2,180	1,137
Interest	1,895	564
Share of assoc.	122	145
Short-term invest. profits*	—	953
Pre-tax profit	17,729	21,363

* Investment profits and losses in the insurance companies are taken (subject to tax) direct to investment reserve; (£953,000 short-term investment profits were taken to credit of profit and loss account).

• comment

At the time of its £25.4m rights issue of last May insurance broker Alexander Howden said the additional resources would assist in sustaining growth. But growth has not been sustained and Howden's shares fell 8p to 118p on results well below analysts' lowest expectations. In spite of adverse currency movements affecting overall performance by about £3m, Howden's brokerage revenue has climbed from around £33.5m to £42m, a much faster rate of growth than Willis Faber, Bowring, or Sedgwick Forbes. It is the move to Billiter Street which is costing the group group dear with expenses out of control for most of the year, and reorganisation elsewhere in the group has not helped. A doubled depreciation charge on new furnishings in the group, and a more than trebled interest charge on borrowings arranged for the purchase of Southeastern Aviation Underwriters have done more damage to profits at the taxable leve. Southeastern chipped in a first time contribution of about £750.000, net of financing charges, in the second half. At present levels the shares yield an above average 9.2 per cent.

BICC surges to £56.63m —current year starts well

AS FORECAST at the interim stage, when pre-tax profits ahead from £23.83m to £27.97m were reported, performance was maintained in the second half of 1978 at BICC and for the 12 month an advance from £47.12m to £56.63m was achieved.

This figure reflects a satisfactory improvement in operating performance in most parts of the group other than the UK and Canadian cable making companies, which continued to operate under very difficult conditions.

The directors report that, despite difficult UK conditions, the current year has started well, with an encouraging flow of new orders.

Group sales totalled £1.12bn (same) and pre-tax profit was after finance charges of £8.41m, (£8.5m). Tax took £24.13m (£21.06m) and minority interests £7.41m (£6.77m).

The results exclude extraordinary credit of £282,000 (nil) being surplus on disposal of 20.1 per cent shareholding in General Cable Corporation of £6.14m less provisions against investments in certain overseas territories of £5.859m.

Earnings per 50p share (before extraordinary credit) are given at 16.80p (13.16p) and the final dividend is 5.29p net for a 7.79p (7.05p) total.

GRP sales now include share of sales of associated companies and 1977 figures are adjusted accordingly.

The group operates as a cable and wire makers, civil, mechanical and electrical engineer and contractor.

	1978	1977
	£m	£m
Group sales	1,121.2	1,125.6
UK	445.6	423.5
Exports	196.3	213.3
Overseas	479.3	486.8
Operating profit	65.046	55.624
Finance charges	8.413	8.500
Pre-tax profit	56.633	47.124
Tax	24.128	21.059
Net profit	32.505	26.065
Minority profits	7.411	6.770
Attributable	25.094	19.295
Pref. dividends	0.099	0.099
Attributable	24.995	19.196
Ordinary dividends	11.635	10.406
Retained	13.360	8.790

See Lex

Assoc. Book gathers pace

AFTER reporting half-time profits up 8 per cent to £1.2m, Associated Book Publishers moved further ahead in the second six months to end 1978 at a record £3.37m against the previous year's £2.61m. Turnover rose from £23.64m to £27.93m.

Earnings per 20p share are given higher at 38.5p (30.4p) and Treasury permission is being sought to life the total dividend from 4.0568p to 5.129p with a second interim of 3.229p.

Share of associates profit was £23,000 (£11,000). Tax took £1.73m (£1.26m) and minorities £244,000 (£242,000).

Austin Reed ahead £0.8m

FOLLOWING A rise from £0.75m to £1.01m at mid-way, pre-tax profits of Austin Reed Group, menswear retailer and manufacturer, ended 1978 at a record £3.32m compared with the previous year's £2.53m. Turnover improved by £5.23m to £38.29m.

Stated net earnings were ahead from 12.4p to 20p per 25p share and with Treasury permission granted, the gross dividend total is lifted to 6p (4.3317789p), with a final of 4.358209p.

A one-for-two scrip issue of "A" ordinary shares is also proposed to holders of ordinary, "A" ordinary and employee's shares.

Laganvale back to profit

A TURNROUND from a £17,774 loss to a £20,866 surplus is reported by Laganvale Estates, the land development concern, for the half-year to October 31, 1978.

The directors say that borrowings have been considerably reduced, resulting in lower interest charges. After bank interest almost halved at £7.474 (£15.726), and no mortgage interest (£9.994), net profit is £13,022 compared with a £43,860 loss last time.

They say further properties sales have taken place since November 31, 1978. Full-year profit is expected to be not less than £200,000—last time there was a net loss of £25,626.

FOREIGN AND COLONIAL

Foreign and Colonial Investment Trust has arranged a new one-year loan of Y2,000m with Morgan Guaranty Trust.

Bernard Matthews tops £3.3m following second-half boost

AFTER a marginal downturn from £1m to £0.99m, Bernard Matthews, integrated turkey producer, made strong progress in the second half and finished 1978 with pre-tax profits well ahead from £2.64m to a record £3.37m.

Profit was struck on sales of £22.48m (£18.46m) and was after interest of £87,000 (£210,000). Tax for the period took £1.8m (£1.4m).

Stated earnings per 25p share advanced from 30.96p to 39.12p and the dividend total is stepped up from 9.228p to 10.2p with a final payment 5.7p.

Orders are well ahead of same period last year at satisfactory prices and the Board expects the meat processing division to make a significantly increased contribution to profits this year.

However, in view of the lorry drivers' strike and the recent inclement weather, the Board feels it would be unwise to make a forecast so early in the year.

• comment

In spite of static home demand for whole birds, Bernard Matthews produced nearly 5m turkeys during 1978—a 10 per cent increase over the previous year, and sales by value went up by over a fifth. This was mainly due to more buoyant export markets and encouraging customer acceptance of processed poultry products, both areas where Matthews tis concentrating its efforts. But production costs have been inching up again and trading margins have been held at 15.4 per cent only because feed prices were down slightly. Borrowings were about a third lower at £1.3m. The company has the disadvantage of being dependent on one product but in terms of price turkey is still an attractive alternative to red meat and fish. Bid speculation has pushed the shares up 33p to 265p this week, but the price settled back to 261p last night where the yield is a well-covered 6 per cent, and the p/e is 6.5. The company has still to take advantage of stock relief.

Bruntons increase to £1.84m

ALTHOUGH trading profits of Bruntons (Musselburgh), steel wire maker, rose by 16.1 per cent in 1978, profits before tax rose only 6.8 per cent to £1.84m, mainly due to higher depreciation, lower investment interest and no capital gains benefit.

First half pre-tax profits had risen from £799,000 to £887,000 and the directors were expecting the year's result to be in line with that of 1977.

Earnings per 25p share are shown at 11.69p against 11.38p. A second interim dividend of 4.3764p has already been declared making a total of 7.8212p against 7.0634p.

	Year 1978	1977
	£	£
Home turnover	9,774,966	9,329,472
Exports	1,023,151	974,317
Total turnover	10,798,117	10,303,789
Profit	1,955,902	1,656,516
Depreciation	173,447	123,177
Directors' fees	2,500	2,400
Staff pension	30,148	23,919
Trading profit	1,749,807	1,507,020
Invest. interest	81,582	114,911
British funds	—	80,731
Fixed assets gain	303	10,993
Interest relief	10,200	10,200
Profit before tax	1,841,892	1,723,855
Tax	443,178	661,858
Deferred tax	463,278	151,709
Net profit	935,437	910,288
Tax over-provision	10,632	—
Dividends	630,448	564,640
Forward	315,621	345,648

Wolstenholme maintains momentum for £1.88m

REAPING the full benefits of a contribution from Charles Openshaw and Son for the first time, Wolstenholme Rink, formerly Wolstenholme Bronze Powders, increased 1978 pre-tax profits by 34 per cent from £1.4m to £1.88m.

When reporting first half profits of £0.93m (£0.65m) the directors said the second half would be at least as good as the first.

Full year basic earnings are shown to have risen from 17.5p to 26.5p per 25p share and, subject to Treasury consent, the total dividend is effectively raised from 3.90825p to 5p with a final payment of 3.215p net.

Wolstenholme Bronze Powders, the principal trading subsidiary, experienced marginally increased levels of demand during 1978. On the other hand it had to cope with increased overheads coupled with a highly competitive international situation.

All other subsidiary companies traded satisfactorily showing increases in both sales and profits. The reorganisation at S. Fry and Co., mentioned in the interim statement, has resulted in meaningful administration savings. Charles Openshaw had a very satisfactory year showing profits in excess of those indicated at the time of the acquisition in November, 1977.

All companies in the group were affected by the transport strike in the first two months of 1979, especially on the export side. In addition, copper which is the principal raw material of Wolstenholme Bronze Powders has been subject to a strong price rise since the end of last year. These factors have served to create difficult trading conditions during the first quarter of the current year.

With the variety of products which the group sells to so many overseas markets the directors are not able to forecast profits. Given reasonable economic and political stability in its main markets, however, they expect the group will make satisfactory progress during 1979.

	1978	1977
	£	£
Turnover	13,320,583	8,168,033
Trading profit*	1,840,376	1,315,002
Investment income	35,580	87,017
Profit before tax	1,875,956	1,402,019
Taxation‡	577,318	543,253
Net profit	1,298,638	858,766
Dividends for 1978		
Interim div.	85,358	79,172
Final	156,587	111,845
Copper acc gain	49,267	†105,125
Tax thereon	25,619	§54,665
Inv. sale gain	—	62,742
Unapprop. to res.	1,080,341	680,031

* After adjustment for copper account. † Loss. § Relief. ‡ Charge calculated on basis of SSAP 15 and 1977 comparative figure re-stated. If SSAP 15 had not been applied charge would have been £973,412 (£712,154).

Radley on course for sharp rise

For the six months to November 19, 1978, Radley Fashion group, manufacturer, wholesaler and retailer of ladies' outerwear and gloves, improved pre-tax profits from £135,000 to £162,000. And the directors say that they will be disappointed if second half profits do not match those now reported. For the last full year profits totalled £199,117.

First half earnings per 25p share are shown to have risen from 5.78p to 7.89p and the net interim dividend is lifted from 1.4375 to 1.5p. Last year's total payment was 4.3125p. Mr. and Mrs. Radley have waived the interim on 473,907 shares.

Turnover for the period under review rose from £2.46m to £3.13m and tax absorbed £74,000 compared with £70,000.

The fashion division experienced difficulties both from cloth suppliers and production sub-contractors. As a consequence, many orders could not be fulfilled. However, turnover and profit at the Sutcliffe subsidiary showed a substantial increase.

In the current period, record orders were taken and turnover is substantially ahead of last year, although there have been delays in receiving imported merchandise due, in part, to the length of time now being taken at Customs, and this position is not improving.

Companies and Markets

UK COMPANY NEWS

Coates Bros. makes £9.4m

FROM turnover of £87.7m against £82.1m, profits before tax of Coates Brothers and Co., reached £9.42m in 1978 compared with £8.84m a year earlier.

Profits had risen from £4.73m to £5.2m at midway, but the directors said then that there was no further evidence of any upturn in demand for the group's products—printing inks, synthetic resins and industrial surface coatings.

It was unlikely therefore that second half profits would show any further advance on those for the first six months.

Earnings per 25p share are shown at 11.68p against 9.76p and the final dividend is 1.73074p making a total of 2.59611p compared with 2.34836p.

Group liquidity was maintained at a satisfactory level and at December 31 last, net liquid funds stood at £4.3m (£5.8m).

Tax charge for the year was £4.4m (£4.56m), minorities took [illegible] and there [illegible] also extraordinary credits of £179,000 (nil).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable

TODAY

Interims:—A B. Electronic, Amalgamated Estates, Wankie Colliery.

Finals:—Berzdin Rubber Estates, Breedon and Cloud Hill Lime Works, Catalin, Clifford Dairies, Diamond Shamrock Europe, Charles Early and Marriott (Witney), H and J. Hill, Lyle Shipping, North British Canadian Investment, Pendang Senaling Rubber, Vosper, Ward White, Waterford Glass, Watts, Blake, Bearne.

FUTURE DATES

Interims:—	
Arenson (A.)	Apr. 17
East Rand Gold and Uranium	Apr. 19
Free State Geduld	Apr. 19
Kent (M. P.)	Apr. 10
Peachey Property	Apr. 4
President Brand Gold	Apr. 19
President Steyn Gold	Apr. 19
Startrite Engineering	Apr. 5
Welkom Gold	Apr. 19
Finals:—	
British Printing	Apr. 5
Bulgin (A. F.)	Apr. 3
Croda International	Apr. 11
Dinkie Heel	Apr. 4
Greenbank Industrial	Apr. 9
Hambro Life Assurance	Apr. 9
Jacks (Wm.)	Apr. 4
Jersey General Investment Trust	May 16
London Pavilion	Apr. 9
Ofrex	Apr. 6
Small (John C.) and Tidmas	Apr. 10
Sparrow (G. W.)	Apr. 10
Taylor Woodrow	Apr. 5
Western Holdings	Apr. 19

Ingall makes headway

For the six months to December 31, 1978 Ingall Industries, light engineer and manufacturer of funeral furnishings, reports pre-tax profits ahead from £102,000 to £131,000.

The net interim dividend is raised from 0.61p to 0.67p on stated earnings per 10p share of 1.17p (0.96p). Last year's total dividend was 1.87p on profits of £348,786.

The half-year profit was struck on turnover of £2.13m (£1.78m) and was after interest of £24,000 (£16,000). Tax for the period took £68,000 (£53,000).

Mixconcrete surges to record £2m at year-end

PRE-TAX PROFITS of Mixconcrete (Holdings) jumped from £1.2m to a record £2.07m in the year to November 30, 1978, on turnover well ahead from £26.59m to £34.07m.

At half-way profits leapt from £150,000 to £626,000, and the directors said full-year surplus could reach record levels.

After tax for the year of £1.09m (£0.65m), stated earnings per 25p share are up from 5.98p to 10.63p. The net total dividend is raised to 3.5671p (3.1944p), with a 2.139p final.

Pre-tax profits were struck after lower interest of £204,608 (£232,059).

Lonrho still resists Gulf

Lonrho has again written to its shareholders recommending them to reject the attempt by Gulf Fisheries, a Kuwaiti company, to replace two existing Lonrho directors with two of its own nominees.

The circular says that the appointment of the two nominees would have a debilitating effect on the company. It reasserts Lonrho's earlier claim that Gulf had not until earlier this month pressed for board representation since Lonrho's AGM in March 1978.

Lonrho also reaffirms its criticism of dealings in Lonrho shares by Sheikh Nasser—who controls Gulf—while he was a director of Lonrho.

Desoutter profit £3.4m

ON turnover of £19.6m against £17m, pre-tax profits of Desoutter Brothers (Holdings), precision mechanical engineer, fell from £3.57m to £3.39m in 1978.

At midway, when announcing a decline from £1.87m to £1.6m, the directors said second half profits should at least be maintained.

They now say that orders received so far in the current year are above the average for 1978 and indications are that trading profit should be greater in 1979 than that for 1978.

Tax for the year under review took £1.74m (£1.75m) and earnings per 25p share are given at 17.1p (19.25p). The net dividend total is increased from 5.52p to 6.16p with a final payment of 3.685p.

● comment

Desoutter has only partially made up the first half shortfall, and full-year profits show a downturn of 5 per cent. Trading has been particularly difficult over the year, mainly because of destocking by overseas customers. On top of higher overheads, and only limited scope for price rises, the company has incurred currency losses of £240,000, and margins have slipped from 21 per cent to 17.3 per cent. But conditions are starting to look a little better now and the company's order position looks encouraging. The shares, at 134p, yield 7 per cent while the p/e is 7.6.

Lane hit in second half

WITH THE contribution from its Luxembourg subsidiary much lower at £212,022 against £937,603, pre-tax profits of Percy Lane Group, maker of glazed aluminium window assemblies, plunged from £1,245,630 to £302,589 for 1978. In the second half, the company suffered a turnround of some £572,000 to losses of £10,000.

Sales for 1978 fell from £15.72m to £14.96m, but the directors say the outlook for 1979 appears to be a little brighter, despite the start of the year being affected by severe weather conditions and transport strikes.

After tax of £169,673 (£603,617) stated earnings slumped from 14.4p to 3p per 10p share. A final dividend of 2.11p maintains the total payment at 3.31p net.

Metal Box joint venture

HONG KONG—San Miguel Brewery said it set up a joint venture in Hong Kong with Metal Box Company to manufacture primarily cans for the Hong Kong beer and soft drinks market.

The joint venture, Metal Box Hong Kong, has an issued capital of HK$5.91m (U.S.$1.2m) owned equally by the two partners, the company's annual report showed.

Reuter.

MINING NEWS

Randfontein about to expand further?

BY KENNETH MARSTON, MINING EDITOR

THE Johannesburg Consolidated group's major gold and uranium producer, Randfontein, says that its new integrated gold and uranium plant at the Cooke section should achieve the full rated capacity of 250,000 tonnes of ore a month towards the middle of this year. The expansion, which was originally put at R180m (£104m), is now expected to cost R225m.

Preliminary investigations into the feasibility of a third shaft complex in the southern sector of the Cooke section have been completed while consideration has been given to reopening the No. 2 north shaft. No decision on either of these major projects has yet been made, state the directors in the annual report.

However, the continued strength of demand for gold and uranium suggests that such fresh expansion is in prospect. Further news will thus be looked for in the chairman's annual statement which is to be issued on or about April 23.

Aiming to join the ranks of uranium producers, the group's Western Areas intends to continue development towards the uranium-bearing Middle Elsburg reefs in order to shorten the lead time needed to match the production build-up with the erection of a uranium treatment plant.

Mr. P. A. von Wielligh, the chairman, points out that this policy will impose restraints on dividends but the Board will endeavour to maintain a policy of steady dividend.

Meanwhile, the construction of a plant awaits a uranium sales contract and loan finance. So far, no firm response has been received to inquiries for a long term contract which have been made on behalf of the company by Nuclear Fuels Corporation of South Africa.

CONFIDENCE AT PHELPS DODGE

Phelps Dodge, the U.S. copper major is expecting a substantially better year than 1978, Mr. George Munroe, the chairman told shareholders in his annual statement. Barring a sharp downturn in the U.S. economy the prospects for the U.S. copper industry are better than in 1977 and 1978.

This year Phelps will have the benefit of rising production from a uranium mine and mill, which last year came on stream near Spokane, Washington, with a designed capacity of 1m lbs of uranium oxide a year, boosting the group's output capacity by 80 per cent.

And at Woodlawn in Australia, Phelp's joint venture with Conzinc Riotinto of Australia and St. Joe Minerals will this year reach its designed capacity of 74,000 tons of zinc, 26,000 tons of lead, 15,000 tons of copper and 800,000 ounces of silver annually. The mine was officially opened in December.

ROUND-UP

Conzinc Riotinto Malaysia, a unit of the Rio Tinto-Zinc group, is planning a joint exploration venture for base metals in a 500 square miles of Pahang with the State Development Authority, a company spokesman said in Kuala Lumpur.

* * *

Fluor Corporation of California is to be the contractor at a gold-silver-copper deposit at El Indio in north east Chile. The project is 80 per cent owned by St. Joe Minerals and 20 per cent by private Chilean interests.

* * *

Vogelstruisbult Metal, an investment holding company in the Gold Fields of South Africa group, expects its dividend income this year to be higher than in 1978 and thus to be able to increase its own distribution. Dividends last year were 12 cents (6.9p).

BOTREST STILL STRUGGLING

No dividend payments are likely "in the foreseeable future" from Botswana RST (Botrest) which owns 85 per cent of the struggling BCL copper-nickel operation at Selebi-Pikwe in which the Botswana Government holds the remaining 15 per cent. Major shareholders in Botrest are Amax and Anglo American Corporation.

Despite projects to increase this year's metal recovery by about 8 per cent and the production of matte by over 20 per cent, the operation is again expected to make a loss this year "unless metal prices rise to levels not presently contemplated."

At present, copper prices are just under $1 per pound while nickel is around $2.45. These prices compare with respective averages of only 62 cents and $1.97 received by BCL last year. Matters were also not helped by adverse currency movements and Botrest made an operating loss of P24.7m (£14.5m).

Despite last year's major financial restructuring, the operation's debts have increased again to P125m. Capital expenditure for this year is put at P25m and further substantial amounts are needed.

Not surprisingly, efforts to obtain further loans for this disastrous operation have so far met with no success. Just how long it can be kept going until a further major advance in metal prices takes place seems to be a moot point. Shares of Botrest were 31p yesterday.

BIDS AND DEALS

Monopolies to probe FMC Corp proposed merger with Alginate

BY ANDREW TAYLOR

A second major US group with plans to acquire Alginate, the British seaweed processing concern, has fallen foul of a Monopolies and Mergers Commission investigation.

Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, yesterday asked the Commission to investigate the recent bid approach for Alginate made by FMC Corporation.

The Commission has already been asked to investigate the £21½m bid by Merck Incorporated last year—and which was accepted by shareholders controlling a 98 per cent stake in Alginate.

FMC said last night that it intends to proceed with its plans for a merger if it gets clearance from the Commission.

The British group extracts from seaweed a family of chemicals known as alginates which are extensively used as thickners for food and for a wide range of industrial processes such as textile printing, paints and manufacture of dental materials.

FMC claims to be the third largest seaweed processor in the U.S. while Merck also has major interests in the extraction of alginates from seaweed, through its Kelco division which imports into the UK.

The British group controls about 80 per cent of the UK market for alginate and the Commision can be expected to examine the likely effects on competition if it allows either merger to go ahead.

The effect on the brewing and food industries—both of which are wide users of alginates—will be of particular interest to the Commission.

Meanwhile, Merck has given no indication that it is prepared to abandon its takeover plans so, if the Commission gives the all-clear, a takeover battle for Alginate appears to be on the cards.

The Commission is due to report its findings by July 25 this year. Meanwhile, Alginate's share price closed at 325p, down 5p.

PMA in £5.2m purchase

PMA Holdings, the furniture group which has recovered dramatically in the last few years, has conditionally agreed to buy for £5.2m, two furniture companies which have a bigger combined turnover than PMA itself. The acquisitions take PMA into the growing field of self-assembly furniture.

The acquisitions are Ladyship, whose trading subsidiary is Gower Furniture, and Skelham, whose principal trading subsidiary is Norfactors. Gower manufacturers do-it-yourself flat rack kitchen and bedroom fitted furniture. Turnover has increased from £4.8m in 1975/6 to £8m forecast for the year to July 31, 1979. Profits last year were about £700,000.

Norfactors distributes kitchen and bathroom furniture including furniture manufactured by Gower. Approximately 20 per cent of its turnover comes from Gower—turnover in 1977-78 was £4.7m and is currently running at £7m per annum. Another trading subsidiary, Falcon Homecare, produces tubular steel kitchen seating. The parent company made a profit of about £150,000 in 1977-78.

The aggregate profit of the two parent companies, Ladyship and Skelham, is forecast at £1.2m for 1978-79. The aggregate turnover could be in the region of £16m. PMA's own turnover for 1978-79 has been forecast at £11.5m and its profit at £400,000.

Mr. Malcolm Meredith, chairman and chief executive of PMA, said yesterday that the two companies had a similar management style to that of PMA. They had been very successful and the combination of all the companies working in the different parts of the furniture business would bring economies and marketing benefits.

The cost of the purchases is being provided by a £3m loan from Keyser Ullmann, issue of up to £500,000 worth of PMA shares to the vendors and a two for three rights issue which could raise something under £2m depending on the issue price. An issue price of 85p is favoured at the moment—the shares have been suspended since Monday.

Full details of the acquisitions and the rights issue will be sent to shareholders as soon as possible.

BEECHWOOD BUYS WELL BOREL FOR £175,000

With effect from January 1, 1979 Beechwood Construction (Holdings) has acquired for £175,000 the whole of the issued share capital of Doncaster Well Borers, principally engaged in the construction of water bore holes and the ancillary supply of pumps and accessories.

Net asset value attributable to the shares being acquired was £173,168, and profits before tax, for the year to April 5, 1978, were £34,109.

Caparo sells Singlo stake

Caparo Investments, the Indian owned private company, has sold its stake in Singlo Holdings, the tea based conglomerate, thereby accepting finally the failure of its take-over attempt in 1977.

Caparo has placed with a number of institutional investors 3,524,270 shares (26.2 per cent) and its holdings of preference shares and loan stock.

A spokesman for Caparo said that financially the company was very happy with the outcome. The final factor which made Caparo sell was Singlo's purchase of Norman's, a discount food retailer. This business was well away from the tea interests which had originally attracted Caparo.

Caparo declined to say its average cost of buying Singlo shares but it started buying at 9p per share and the price has recently been in the region of 30p. Caparo announced the purchase of a 16.6 per cent stake in Barrow Hepburn a week ago.

SHARE STAKES

Tribune Investment Trust: Sir Rex Cohen, director, sold 100,000 ordinary shares at 69¾p on March 22, 1979. His wife sold 370,000 ordinary shares at 69p on March 27 and repurchased a like amount at 60¼p on March 28.

Provincial Laundries: Advance Laundries has sold 123,760 ordinary shares reducing its shareholding to 310,000 shares (7.6 per cent).

Park Place Investments: Mr. N. R. Frankel, chairman, in his capacity as trustee of a non-beneficiary discretionare trust, sold 76,500 ordinary shares at 68p and 8,500 new ordinary shares at 25p premium. Mr. F. E. Worsley, an executive director, sold 38,611 new ordinary shares at 27p premium.

BLACK ARROW SELLS ELECTRONIC SUBSIDIARY

Black Arrow Group has agreed terms for the sale of its electronic components distribution subsidiary, Black Arrow Electronics, to Newey and Eyre Group, a subsidiary of Thomas Tilling for some £385,000.

This will be payable immediately, and in addition Black Arrow Electronics will repay to Black Arrow Group, an inter-company loan of £150,000 on January 1, 1980.

Black Arrow Electronics will contribute some £50,000 to group profit before tax and interest in the year to March 30, 1979. And at March 30 its net assets will be some £275,000.

The acquisition marks the first development in the expansion of Newey and Eyre Group into electronic component distribution.

DUTTON-FORSHAW COMPLETES

The directors of Dutton-Forshaw announce that the acquisition of Brown and Mallalieu has been completed for a consideration of £650,000, satisfied by shares and £284,000 in cash. B & M's audited profit before tax for the year ended June 30, 1978, was £88,049. The net tangible assets at that date, after adding back deferred tax of £84,565, and including the freehold property at a professional valuation made then amounted to £505,515.

B & M are old established Leyland distributors in Blackpool.

CLIFTON INVS.

Clifton Investments has disposed of its wholly-owned subsidiary, Dawnshire, to Broughton Sterling for a consideration of £35,100.

Some £20,100 will be payable on or before June 30 this year and the remainder in 12 quarterly instalments, interest on which will be 2 per cent above National Westminster Bank base rate. The first quarterly payment is due on June 24.

Overseas side lifts APV profit to £18m

...f the whole of the increase ...ng from overseas, which ...ibuted 52 per cent against ...r cent of trading profit, pre- ...profits of **APV Holdings** ...nded from £16.65m to ...m in 1978.

...midway, when the advance ...from £7.67m to £8.47m, the ...tors said they expected ...further improvement in ...s.

...taxable profits of the over- ...companies had been con- ...d at the same exchange ...used in 1977, group profit ...have increased by some ...00.

...ic earnings per 50p share ...iven at 41.31p (36.74p) and ...diluted at 36.8p (32.83p). ...he Board is recommending ...l dividend of 4.1383p net ...ch higher amount as may ...reed by the Treasury. An ...ation has been made to the ...ury under the dividend ...provisions for permission ...a final dividend of 4.3287p ...is a 15 per cent increase. ...higher rate would still be ...d over six times by earn- ...The interim dividend was ...p and last year's total was ...lent to 5.76325p.

...er intake for the group in ...amounted to £237m com- ...with £231m at the same ...of exchange. The orders ...nd at January 1, 1979, ...ted to £139m against

Some of the U.K. factories are not as well loaded as last year but on the other hand the American factories are very active.

Under present circumstances the directors say it is difficult to forecast whether growth can be expected in the U.K. and Continental Europe in 1979. Any improvement in results will depend to a great extent on the North American market remaining active and APV's success in expanding business in other world markets where potential growth can be identified.

	1978 £000	1977 £000
Turnover	247,800	213,400
Trading profit	19,627	17,985
Share assoc. loss	74	*19
Interest	1,433	1,339
Profit before tax	18,120	16,645
Tax‡	6,146	5,997
Net profit	11,974	10,648
Minority profits	432	364
Extraord. credits	30	†100
Attributable	11,572	10,184
Pref. dividends	105	111
Available	11,467	10,073
Dividends	1,780	1,594
Retained	9,687	8,479

* Profit. ‡ Group has adopted SSAP 15 and 1977 tax charge has been restated. In accordance with this revised policy an amount of £8.9m has been transferred from deferred tax account to reserves. † Credits.

Although the liquid position deteriorated by £2m during 1978 this was after a cash payment of £1.5m for the acquisition of Carlson Ford. There were no short-term borrowings in the UK at December 31, 1978, and the overall cash position is strong with adequate funds available to finance capital expenditure in 1979 of £8.8m.

The group's interests lie in processing and heat transfer equipment for industry.

● comment

Process plant manufacturers, especially those involved with big industrial and petrochemical projects, are currently suffering from an unexciting level of demand. APV's 9 per cent increase in pre-tax profits (13 per cent excluding exchange fluctuations) is therefore not an unexpected result and few should be surprised if growth this year is no more dramatic. The group's exposure to North America, which accounts for more than a third of profits, is a further depressing factor given the dollar's recent weakness. On the other hand, orders from U.S. food companies have been particularly strong and APV, which is increasing capacity, has high hopes of developments in this area. Moreover, the balance sheet is strong and following the apparently successful example of Hall-Thermotank, where profits *are ahead by roughly one-tenth* despite problems in the Middle East and South Africa, the group may wish to speed up growth by selective acquisition. At 222p the shares are already discounting some of the long-term prospects and at 222p stand on a fully diluted p/e of 5.9 and yield 4.4 per cent.

Oyez setback: omits final

A SECOND-HALF setback sent the taxable profits of **Solicitors' Law Stationery Society** plunging from £1.27m to £795,921 in 1978. The group which added only around £73,600 to the surplus in the second six months, compared with £629,000 the previous year, is dropping the final dividend this time.

The directors say the setback was due to two divisional losses and the generally depressed activity in the traditional legal markets.

The book publishing and distribution operations in Belgium and France are to be wound down to close at the end of the year because *of* unacceptable losses.

The Board adds that it does not intend to pay the final because of the big increase in total borrowings. The directors do not feel justified in maintaining the distribution level until borrowings have been reduced by improved cash flow.

They say that ending the drain on resources caused by the Belgian and French losses and from business machines is an important step to improving cash flow.

Turnover for the year is up from £19.43m to £22.76m. After a tax charge down from £886,461 to £386,234, net profits are up from £380,136 to £409,687.

An extraordinary debit of £351,108 includes £325,000 provision for losses on the closure of the French and Belgian operations. The provision for this last time was £300,000 of which £92,000 has not been spent, and is retained against 1979 losess.

The total dividend for the year is 1.474p net per 20p share, against 3.8605p. Stated earnings are ahead from 3.37p to 3.59p.

	1978 £	1977 £
Turnover	22,755,369	19,430,319
Profit before tax	795,921	1,266,597
Tax	386,234	886,461
Profit after tax	409,687	380,136
Minorities	575	†1,599
Attrib. before extraordinary debit	409,112	381,735
Extraord. debits	351,108	345,792
Attrib. after extraordinary debits	58,004	35,943
Dividends	167,149	437,773

† Credit.

● comment

The decision in 1976 by Solicitors' Law Stationery to move into the volume printing and publishing areas has never paid off and the eventual decision to cauterise these wounds still came *too late to salvage* the final dividend. The Belgian and French operations lost around £200,000 above the line last year and, whise these activities are now being scaled down, profits will have to bear further European costs at least until the third quarter of 1979. The merger of the business machines and reprographics divisions cut pre-tax profits by a further £400,000 which at least suggests that the rump of the business held steady last year. The shares dropped 10p to 46p yesterday but any investment at this level *must be regarded* as a matter of faith in Solicitors' recovery potential. This 1977 dividend, after all, required a transfer from reserves and it will take a considerable effort to cut the current high level of gearing. However the conference business should make a better showing, after the loss of key personnel last year, and the group is reasonably hopeful that additional accounting requirement *now under consideration by the* surveying and estate agency profession will boost activity in its traditional printing and publishing markets.

Biddle profit tops £1m

FOLLOWING the increase from £444,000 to £617,000 at midway, profits before tax of **Biddle Holdings** improved to £1.17m in 1978 compared with £767,400 previously.

And the directors state that despite some pressure on margins, they look forward to another satisfactory year's trading.

Turnover last year was higher at £13.95m against £11.44m. The tax charge is £595,369 (£402,272) giving earnings per share of 14.2p against 9.1p.

The final dividend is 5.2552p making a total of 7.4552p compared with 6.7471p—dividends have been waived amounting to £95,269.

The group makes and installs heating, air conditioning and lifts.

Leyland Paint upsurge to £2.5m

...DIRECTORS of **Leyland** ...**and Wallpaper** report ...taxable profits of £2.55m ...78 compared with £1.68m ...he previous 15 months. ...ver was up from £29.78m ....15m.

...weather conditions in the ...wo months of the current ...nd the road haulage strike ...adverse affect on trading. ...er, the directors are con- ...of another satisfactory

...res at the six months ...showed an increase from ...0 to £1.15m and the ...rs said results for the full ...would compare favourably ...he previous 12 months.

...ings per 25p share are ...as 24.3p (19.5p) and a ...interim dividend of ...(2.8p) net is announced. ...irectors are also recom- ...g a final of 2p, on existing ..., in the event of a change ...slation which would allow ...payment. This would ...in a 6.0727p (4.628118p) ...or the period.

Also proposed is a one-for-one scrip issue.

Pre-tax figure for the year was struck after interest of £324,000 (£493,000) and subject to tax of £599,000 (£529,000). The attributable balance came out at £1.99m (£336,000) after an extraordinary credit of £41,000 compared with a *£815,000* debit last time.

The financial position of the group has been strengthened significantly, the directors state — capital reserves are up by £1.27m arising from a property revaluation — total reserves now amount to £5.96m.

● comment

On an annualised basis Leyland Paint's profits show a 61 per cent jump on a sales rise of just over a quarter — an excellent result given that the decorative market is fairly static. The results reflect a volume gain of nearly a fifth, with wallcoverings — the most depressed product area — showing slightly better growth than paints. Leyland's explanation is that it continues to increase its market share in a sector which is still very fragmented. Apart from the manufacturing activities, the company's retail outlets, which account for almost a third of group sales, achieved a healthy sales rise of a fifth while the vinyl *coating plant went ahead* strongly, contributing £2m, against £900,000 last time. Prospects continue to good although the cold weather and the lorry driver's strike must have taken its toll. At 134p the shares are on a p/e of 5.3 while the yield is 7 *per cent*.

GIDNEY & KIRBY

Gidney and Kirby Holdings, motor and engineering group, have completed negotiations with the Endrust group of companies for the take-over of the business and manufacturing plant of Slideaway, car roof maker.

Slideaway's technical staff will be working closely with GKH's engineers for the development of new products.

Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

From the review by the Chairman Mr. G. W. H. Relly

Amic recorded highly satisfactory results in 1978 when net earnings rose to R52.41 million from R37.99 million in 1977. This represents a 38 per cent increase in earnings per share from 141.4 cents per share to 195.1 cents per share. The corporation has adopted the policy this year of not consolidating certain foreign subsidiaries where there is uncertainty regarding the recovery of profits and the 1977 results have been restated on this basis.

Amic's investment income increased by 7 per cent to R10.55 million. The results were enhanced in several areas by intense export efforts and the Amic group (its subsidiaries and major investments) earned export revenues of some R160 million. The group will continue to develop its export markets primarily as a balance between capacity and local demand but also as an important objective in its own right where the nature and competitiveness of our products justify investment for long-term profitable business.

The interim dividend was increased by 3 cents to 25 cents per share and the final dividend by 7 cents to 55 cents, resulting in a 14 per cent increase in the total dividend for the year to 80 cents, covered 2.4 times.

The market value of the group's listed investments at December 31 1978 was R88.3 million, reflecting an 86 per cent appreciation over book value of R47.44 million. Since the year end market values had increased further and the group's listed investments at March 13 1979 were valued at R98.47 million. Unlisted investments having a book value of R30.31 million were valued by the directors at R39.73 million at December 31 1978.

Employment Practices

Further progress has been made during the year in the better utilisation and training of our human resources. The rising tempo of economic activity and the advent, *inter alia*, of a further oil-from-coal project will exacerbate the shortage of skilled white labour. This can only be counteracted by an improvement in and expansion of existing training schemes and intensive training of the black labour force for advancement to supervisory and productive positions. Amic and the companies for which it has a management responsibility as part of the Anglo American Group, are involved in the implementation of non-white employment practices similar to those developed by the Saccola/Urban Foundation. There is a considerable task to be undertaken to close the gap between principle and practice. We have felt that this must be achieved by a careful audit of our existing labour policies since it is obvious that a wide range of diverse practices exist in different industries and even to some extent among companies within the same industry. There are also differences between rural and urban industries and it is not surprising that this mitigates against absolute consistency between one industry and another. However, we have set our hands to the task and I hope to be able to report favourably from time to time on the progress being made.

Turning to the broader canvas, the expected upturn of the South African economy in 1978 turned out to be one of only moderate proportions. There was no alleviation of certain fundamental economic shortcomings. Unemployment among the unskilled and semi-skilled labour force is, if anything, a more urgent problem now than it was a year ago. Fortunately, the relatively sound state of the economy and the encouraging indications from Government quarters that greater emphasis is to be placed on growth and private enterprise offer hope that we may be on the threshold of more positive progress.

At the beginning of 1978, the low level of foreign exchange reserves and doubts about any improvement during the year, *were the main constraints on growth in* domestic expenditure. The subsequent surplus on the current account exceeded the most optimistic forecasts, but this was largely countered by continued net capital outflows. The authorities therefore maintained a rather cautious approach and consumers were given very little tax relief during the year.

The final figures for 1978 are not yet published, but I would expect them to disclose that the concessions made last year—*namely*, the reduction in certain sales duties and the import surcharge and the lifting of the tax surcharge on individuals—were more than offset by the proceeds from the new General Sales Tax. Moreover, the total remuneration of employees in 1978 is not likely to reveal significant growth in real terms.

In the circumstances, the growth of some 3.5 per cent in private consumption expenditure during 1978 was surprisingly good. This stemmed mainly from a rise in consumer confidence, the use of consumer credit and the need to replace durables. Durables, in particular, benefited from an upsurge in buying in the second quarter when consumers anticipated price rises stemming from the introduction of General Sales Tax in July.

However, increased consumer spending was largely offset by a further decline in fixed investment and substantial spare manufacturing capacity continued to be reflected in lower private sector investment. In the public sector, activity fell *below the previous year's level, although* on-going projects by some public corporations again helped to maintain demand in specific areas. Thus, a relatively small expansion in total domestic expenditure took place in 1978.

Foreign Loans

Fortunately, export performance was particularly good, with export growth outstripping the increase in imports by a considerable margin. This contributed to a rise in GDP of some 2.5 per cent. The major impetus came from the primary sectors, notably mining, but manufacturing was also able to maintain the positive trend of 1977. As for the prospects in 1979, it would seem that the authorities are now well placed to encourage a faster growth rate than last year. The balance of payments remains a constraint, but a more hopeful view is possible. Although last year's large current account surplus will almost certainly be eroded by a faster rise in domestic expenditure and imports, aggravated by higher oil prices, it may remain positive for most of 1979. Furthermore, an apparent easing of overseas attitudes towards foreign loans to South Africa could result in a more favourable outcome on the capital account. Of considerable potential importance also, is the report of the De Kock Commission, whose interim proposals have been accepted by Government. This will greatly increase flexibility in exchange rate policy and will provide a new foundation from which economic growth can be given a much higher priority than has been possible in recent years.

Encouraging as these immediate prospects are, the outlook beyond 1979 appears less optimistic. We noted earlier that the rate of economic advance in 1978 was insufficient to relieve unemployment, and even if we achieve a faster growth rate this year it is unlikely to prove adequate in our unusual circumstances.

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

	1978† R000's	1977† R000's	1976 R000's
Capital and reserves	336 979	299 096	288 895
Listed investments			
Book value	47 442	50 324	50 719
Market value	88 295	65 152	56 080
Unlisted investments			
Book value	30 310	47 062	45 892
Directors' valuation	39 729	52 545	53 578
Other assets, net	259 227	201 710	192 284
Equity earnings*	52 409	37 991	42 949
per share*	195.1 cents	141.4 cents	160.0 cents
Dividends	21 489	18 804	17 370
per share	80 cents	70 cents	65 cents
Number of shares in issue	26 861 947	26 861 947	26 845 447

* Excludes non-trading items.
† 1977 and 1978 exclude assets, liabilities and earnings of certain foreign subsidiaries not consolidated.

Inflation persists and may not drop, as hoped, to single figures, particularly in view of the suddent discontinuance of oil from South Africa's major supplier, Iran.

The fundamental fact remains that in a country such as South Africa only sustained growth of a high order is likely to produce an environment conducive to social stability and peaceful evolution.

Socio-economic Prospects

Some of the developments in our economy in recent years—the significant surge in exports, not only from minerals, and a heightened awareness of the need to motivate the private sector by allowing greater dependence on market forces—lead one to hope that a new impetus *might be emerging. The acceptance by* Government of the interim report of the De Kock Commission is a good example of this trend. The Commission has been one of many bodies that have been studying matters basic to the economy, including industrial strategy and labour matters embracing questions relating to the proper use of all our human resources. There is, I believe, little argument among South Africans as to the desirability of a prosperous and stable society as a basis for evolutionary development, but economic and socio-political dispensations are crucial, and are long overdue. The current situation and the various in-depth investigations by Government now coming to fruition provide an excellent climate for change. It is to be hoped that the authorities will grasp this vital opportunity to invest the socio-economic development pattern of our country with a basis of confidence which, in the final analysis, will be the real stimulus to investment and growth.

The 15th annual general meeting of Anglo American Industrial Corporation Limited will be held in Johannesburg on Wednesday, May 16th, 1979.

Copies of this review with the annual report are obtainable from the London office of the Company at 40 Holborn Viaduct, EC1P 1AJ, or from the transfer secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

House of Fraser ahead

PROFITS BEFORE tax of House of Fraser, in which Lonrho and Scottish and Universal Investments have a strategic stake, rose from a restated £34.87m to £40.5m in the year ended January 27, 1979.

Profits for the first 39 weeks had shown a rise from £12.31m to £15.2m following the £8.32m (£5.57m) at halfway.

Earnings per 25p share arre given as 20.92p, against 17.65p, and the final net dividend is 3.43658p, making a maximum permitted 5.32308p, compared with 4.76694p previously.

The profit-linked share plan for employees comes into effect for the first time this year and the directors have allocated £1.59m to the trustees of the plan to subscribe for 987,994 new ordinary shares at 160½p per share. These shares will not rank for the proposed final dividend.

The directors have decided that it is no longer necessary to provide for deferred tax as due to the continuing high level of investment in capital expenditure and stocks it is unlikely that this deferred tax will be payable in the foreseeable future.

	Year 1978-79 £000	1977-78 £000
Turnover	614,073	531,692
VAT	45,438	38,742
Trading profit	52,055	44,236
Depreciation	6,153	4,876
Property deprec.	1,384	1,303
Trading profit	44,518	38,157
Interest paid	5,548	5,[illegible]
Associates' profits	570	468
Surplus sale prop. and investments	2,433	1,497
To share plan	1,586	—
Profit before tax	40,492	34,873†
Tax	14,788	13,[illegible]
Net profit	25,704	21,479
Dividends	6,612	5,824
Retained	19,092	15,655

† Restated

This change of policy has released some £33m from deferred tax and added it to shareholders' funds. The shareholders' funds which were reported in 1978 as £174.67m have been restated at £207.41m, and this compares with the present total of £229.49m.

See Lex

Good start for Newbold and Burton

The first two months had shown a useful improvement over the same period last year, Mr. V. F. Burton, the chairman of Newbold and Burton Holdings, told the annual meeting. And he was confident of a satisfactory first half.

He added that order books remained excellent and in spite of the rise in hide prices the company looked forward to another profitable year.

The group makes women's footwear.

BBA betters its forecast

TAXABLE PROFITS of BBA Group, the holding and management concern, rose from £7.01m to £7.56m after a stagnant second half. But the surplus was better than the group forecast in December.

At midway the group had pushed up pre-tax profits from £3.12m to £3.71m and the directors were then looking for much higher year-end profits.

The Ford strike and other disruptions in the motor industry led them to revise their forecast in December when they expected the purplus to be in the region of last year's £7m.

However, the group considers the results satisfactory in the circumstances and with a second interim dividend of 1.7839p per 25p share it is raising the total payout from 2.4076p to 2.16616p. There is also a one-for-four scrip, and the Board says that if the tax rate is cut it will pay a third interim.

Sales for the year are ahead from £105.81m to £120.5m. The pre-tax figure is struck after financial charges of £1.6m (£1.37m) and includes associated company profits up from £378,000 to £545,000.

Tax takes £2.34m, against £2.55m and minorities £64,000 compared with £140,000.

Stated earnings are ahead from 9.54p to 11.32p.

The directors say that an improvement is expected in a number of areas in the current year.

● comment

Although BBA Group's pre-tax profits for the year are 8 per cent better, the second six months actually showed a slight downturn. The shares, by contrast rose 2p to 58p since the figures in the end were rather better than the company's own forecast in December. The strike at Cleckheaton which precipitated that statement cost roughly £250,000 in lost profits at Scandura and Mintex and explains the 14 per cent drop in the UK contribution. Scandura Inc. of the U.S. was also down but thanks to a good performance in Canada, North America profits were exactly doubled. The most significant improvement, however, came from Europe thanks to a much better showing from the previously troubled Textar. This has not yet recaptured its former level of profits but extra throughput has bolstered margins. The current year should see further recovery both in Europe and in the UK but with three-quarters of sales dependent on the automotive industry the underlying picture is a little patchy. The p/e is just under five and the yield 7.1 per cent—a rating which is justifiably unexciting.

Booker rises to £24.5m: plans £13m expenditure

WITH 1977 figures restated on adoption of new accounting policies, taxable profits of Booker McConnell, the international food, engineering and trading concern, rose 12½ per cent from £21.82m to £24.51m in 1978. Turnover was 16 per cent higher at £587.68m against £505.7m.

At halfway, when profits were up from £10.64m to £12.42m, the directors anticipated the full year to show a satisfactory increase over the previous period.

Sir George Bishop, chairman, now says higher profits are expected again next year, when it is planned to invest £13m in developing existing businesses.

He adds that the profits of the group's UK companies are now 93 per cent of the total. There was substantial investment in engineering and health food acquisitions in the U.S. during the year, and new acquisitions contributed £1m profit.

Net worth at £88m is up by £12m.

The new accounting policies relate mainly to deferred tax and the treatment of certain overseas subsidiaries' results which are now included only to the extent of remittances received.

Under the changes pre-tax profit is arrived at after eliminating £2.76m (£4.14m) taxable profit of overseas subsidiaries separately consolidated: substituting £896,000 (£838,000) gross amount of profit remittances received from such subsidiaries; and eliminating £181,000 (£137,000) goodwill amortisation charge. Profit under old policies would have been £26.19m (£24.98m).

Equity earnings at £17.03m (£15.54m) are shown on a similar basis and after eliminating £6.56m (£6.19m) excess of tax charge under old policy over charge under new policy, after excluding proportion of excess applicable to minorities. Under old policies, earnings were £11.08m (£10.57m).

Earnings per 50p share are shown as 35.66p (34.82p) under old policies and 54.81p (51.21p) under new policies. The net total dividend is lifted from 7.18874p to 7.902p, with a maximum permitted 3.952p final.

Tax took £5.75m compared with £5.19m.

	1978 £000	Restated 1977 £000
External turnover	587,675	505,699
Depreciation	6,237	5,042
Interest	1,485	1,231
Profit before tax	24,509	21,819
Tax	5,751	5,193
Net profit	18,758	16,626
Minorities & pref. dividend	1,733	1,088
Equity earnings	17,025	15,510
Extraord surplus	*3,115	1,044
Attributable	20,140	16,584
Ordinary div.	2,479	2,255
To reserves	17,661	14,329

* Includes £2.27m estimated surplus on realisation of Guyana assets.

After minorities £2.92m (£2.21m), the parent company's share of taxable profit is £21.59m (£19.61m) and a divisional breakdown (in £000) shows: engineering £9,205 (£6,545), food distribution £3,342 (£5,465), spirits and liqueurs £2,266 (£1,739), health products and pharmacies £2,194 (£1,868), overseas trading £743 (£387), shipping £1,225 (£1,268), agriculture £1,034 (£725), authors £915 (£1,092), parent company £665 (£521).

Group fixed assets are higher at £51.2m (£43.7m).

● comment

Booker is able to de-consolidate its African, Caribbean and South American subsidiaries because they no longer play a substantial role in group activities. Distribution of food in the UK is now the major activity in terms of sales but, because of a squeeze on margins, its profit contribution is low. At the halfway mark some increase in margins had been expected in the period to December 31 but, in the event, the picture was much the same as the depressed first half. The growth in engineering profits also slowed in the second half but the momentum that had been established was sufficient to give a 40 per cent increase to £9.2m for the year as a whole but higher group profits in 1979 are again based on an improvement in food margins. There are some signs that this is occuring but the group is vulnerable to any resurgence in the high street price war. The shares, at 308p have a p/e of 5.5 and a yield of 3.9 per cent.

British Mohair growth

TAXABLE PROFITS of British Mohair Spinners rose from £2.41m to £2.83m in 1978, on higher turnover of £25.82m against £24.13m.

At halfway, when profits were up from £1.04m to £1.34m, the directors expected full-year results at least equal to those for 1977.

They now say it is too early to forecast 1979 results, but production is highly specialised and the group is in a good position to take advantage of any world economy upturn.

After tax of £1.48m (£1.24m), earnings per 25p share are shown to have risen from 9.98p to 11.53p. The net total dividend is lifted—with Treasury consent—from 2.7169p to 2.141p, with a 2.3426p final.

Pre-tax profits were struck after £359,294 (£372,688) depreciation, and £227,883 (£319,334) interest. There is an extraordinary credit of £89,854 (£95,193).

'Pru' lifts bonus rates for 1978

Prudential Assurance Company, the largest life company in the UK, improved its bonus rates in both the ordinary and the industrial branches for 1978.

On ordinary branch assurances, the reversionary bonus rate is lifted from £4.40 per cent to £4.80 per cent of the sum assured. The terminal bonus scale, paid on death or maturity claims, depends on the year of issue and the scale now varies from £15.30 per cent of the sum assured for year 1969 to £165 per cent for 1929 or earlier. The previous scale varied from £12.40 per cent to £139.30 per cent.

On personal retirement plans, the reversionary bonus rate is now £7.10 per cent of the basic benefit against £6.80 per cent previously, the terminal bonus varying from £20 for 10 years in force to £565 for 22 years in force, the rate being based on the basic benefit and attaching bonuses.

The previous scale ranged from 20 to 44 per cent. On group pensions business the bonus rate is improved from £7 per cent to £7.30 per cent compound. Bonus rates on other pensions business have also been increased.

In the industrial branch, the reversionary bonus rate is now £3 per cent of the sum assured against £2.80 per cent, with the terminal bonus scale rising from £14.10 per cent to £148 per cent compared with the previous scale which went from £11.30 per cent to £124.50 per cent.

W. Williams turns in £202,841

W. Williams and Sons (Holdings), non-ferrous metal diecaster, founder, stockist and engineer, reports a pre-tax profit of £202,841 against £216,126 for 1978 on turnover of £8.55m compared with £8.51m.

At the interim stage profits were up from £1,214 to £165,000 and the directors said that profits for the full year would approach those for 1977.

Tax for the year took £43,932 (£89,650) and the second interim dividend is 0.625p net for a 1.125p (same) total.

Comparative figures are for 53 weeks.

The directors propose to raise some £280,000 by the issue of 972,000 ordinary 25p shares at 32p each to be placed with the Welsh Development Agency. Shareholders can subscribe on a two-for-five basis.

The WDA has agreed to subscribe for all these shares, subject to a reduction to the extent that holders subscribe for their entitlements.

In addition, WDA is to provide the company with a secured loan facility of £435,000.

During the past five years, the group incurred substantial capital expenditure, amounting to around £900,000, which resulted in an increase in bank borrowings.

The proceeds of the issue will be used to reduce short-term borrowings.

MINET FORMS NEW CONSULTANCY

A new independent company, Human Resource Management, has been launched within Minet Holdings insurance group.

It is a consulting company that specialises in providing a service to organisations who want to improve the ways in which they use the skills and abilities of their people.

هكذا من الأصل

RTH AMERICAN NEWS

Commercial bank seeks European cash injection

Y STEWART FLEMING IN NEW YORK

IINIA NATIONAL bank s, number 55 in the list of st U.S. commercial banks, assets of over $2.4bn is iating with an unnamed pean banking group over ossible injection of an addi- l $20m of capital.

. W. Wright Harrison, man of the Virginia bank, that the talks were at an stage. Discussions centred e issue of $20m worth of common stock to the Euro- bank at a price equal to J.S. bank's book value of ximately $19.50 a share. shares have recently been g in the over the counter et at around $14 a share.

Mr. Harrison declined to identify either the name or domicile of the European bank but said that it had commercial banking and investment banking interests. "It enjoys a very high reputation all over Europe," he remarked.

Virginia National did not initiate the talks but was approached by the foreign bank.

One of the key elements in the discussions, Mr. Harrison remarked, is to ensure that the relationship was not a takeover, and that the European group's stake would be limited to a 13 per cent holding.

Virginia National Bank is the second largest bank in Virginia, where it is well entrenched in the consumer market with 150 branches statewide.

In its latest financial year ended December 1978, net income totalled $18.4m or $2.78 a share, up from $14.3m

Mr. Harrison said that like all banks, Virginia National would be glad to obtain new equity which it needs in order to continue the 10 per cent compound rate of growth which it has reported since 1975. He said that without the injection of capital in this form, it would have to go to the equity market and sell shares probably at less than book value, which would dilute existing shareholders equity.

Thomson reaffirms Bay terms

OUR MONTREAL CORRESPONDENT

ISON FAMILY *companies* bridge and Thomson able (International) said day that they do not plan ange the price under their ng offer for 51 per cent of on's Bay Company from share to $40 or more.

rge Weston announced on esday an offer of $40 a for 11.78m shares or 51 ent of Hudson's Bay.

market value of Hudson's —there are around 23m s outstanding—has now up about C$250m since the f February, or just before Thomson family made its al C$31 a share cash bid *for 51 per cent of the Bay shares* and control.

The Thomson bid came on March 1, and itself added over C$100m to the market value of the Bay shares. They were trading around C$22 in the market before the bid, and rose to C$28 afterwards.

Last Friday, the George Weston food processing and distribution group gave notice it would counterbid. Trading in the Bay stock was immediately halted. Weston's offer of [illegible] a share is in cash, a mixture of cash, or just preferred stock.

Yesterday, Bay trading was allowed to open again on the stock exchanges. The Bay shares *opened at C$34⅞ for a gain of* over $6 a share from last Friday, adding around C$140m to the value of the total Bay equity.

The total price offered by Weston for 51 per cent of the Bay shares is C$471m, against C$365m from the Thomsons.

If the Weston bid goes through, as seems likely at this point, unless the Federal Government interferes, it would form a wholesaling and retailing group with total annual volume of about $8bn a year.

● However, Reuter reports from Toronto that the announcement by Thomson does not rule out an improved bid.

Further drop in steel imports

OUR NEW YORK CORRESPONDENT

HER EVIDENCE THAT n steel exports to the U.S. declining sharply has ged in the February import s released by the Com- Department. The sharp e in steel imports rces the argument pre- d by steel industry analysts the domestic industry's ents and capacity utilisa- n *1979 should* ensure fur- strong profits gains for U.S. companies. There are fears, ver, that by 1980 a weakening economy could result in renewed pressure on steel industry profits.

The Commerce Department figures suggest that steel imports in February fell 40 per cent from the level reported a year ago to 1.3m tons. The sharpest decline came in imports from the European Common Market countries, who *shipped* only 309,000 tons to the U.S., down from 790,000 in February, 1978.

For the first two months of 1979, steel imports are down almost one-third compared with 1978, and if this trend continues imports for the year could slide to the 14m-ton level which the Carter Administration had indicated was the approximate level which it hoped would result from the operation of the trigger price system it designed to protect the U.S. steel industry from unfair import pricing.

Asbestos hits at State valuation

By Robert Gibbens in Montreal

ASBESTOS Corporation's controlling shareholder, General Dynamics Corporation of the U.S., is still willing to negotiate the sale of its 54.6 per cent holding to the Quebec Government, but insists that the meetings so far have been "only of a general nature." However, the Asbestos Corporation annual report warns that if a negotiated settlement cannot be reached between General Dynamics and the Quebec Government, and the Government nevertheless goes through with its expropriation procedure, then "Quebec will rightly be perceived as an area hostile to the free enterprise system."

The Government's valuation of $41 a share for the Asbestos stock "does not even approach fair value." If an expropriation Bill were passed, it would probably mean that ownership of the Asbestos properties in Quebec would pass to the Société National de L'Amiante (SNA) already set up by the Government to hold its asbestos interests.

All employees involved in operations at these properties would automatically become employees of SNA. If compensation could not be agreed, Asbestos Corporation or SNA could ask for arbitration under supervision of a provincial court judge. The arbitration process could take months or years, during which SNA would collect revenues and earnings from the expropriated properties. Asbestos Corporation would become a "shell" company with a mill and finishing plant in West Germany, some Canadian assets, *some money*, when a settlement is finally reached, some debt and possibly a number of legal proceedings.

"Any revenue received from this forced sale of assets," says Asbestos, "would be subject to very high taxes which can be deferred only by reinvestment of the funds in natural resource industries in Canada. If expropriation occurs and whenever the funds are received." It is management's present intention to invest those funds in natural resources, and no windfall dividend is likely to be paid to shareholders.

Asbestos Corporation would have to make a "business decision" whether to contract with SNA for continued processing of Ungava fibre in West Germany or to operate the German mill and finishing plant on fibre from other sources.

The fibre from Asbestos Corporation's mine in Ungava, in the far north-east of Quebec, now moves to West Germany. In the latter case, Asbestos warns, about 500 workers now operating in Ungava mines would be out of a job unless the Quebec Government were willing to duplicate the West German plant at the taxpayers expense. Quebec would have no legal right to take-over the Asbestos Corporation's West German plants. Asbestos also says the Federal and Provincial Government accounts would be deprived of $800m in taxes and duties over the next 25 years, if the expropriation went through—that is the amount estimated to accrue to them from an independent and profitable company.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market For further details of these or other bonds see the complete list of Eurobond prices published second Monday of each month.

Closing prices on March 29

DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
nt. F. XW 7¾ 89	200	84½	84¾	0	+0¼	9.76
9¾ 84-89	50	95⅞	96⅜	0	0	9.80
9 83	400	98⅜	98⅝	−0⅛	0	9.71
9¼ 88	350	97⅛	97⅞	+0½	+1⅛	9.75
hem. O/S 9⅜ 94	200	97⅜	97⅞	0	+0⅛	9.93
98	125	†94¼	95	0	+0⅛	9.98
86	150	99⅝	100⅛	+0⅛	0	9.88
99	100	100⅛	100⅝	0	+0¼	10.07
Dv. Cpn. 9.85 84	150	100⅝	101⅛	+0⅛	0	9.84
Dv. Cpn. 9¼ 84	100	97⅞	98⅛	0	0	9.81
finans 9 86	50	96⅛	96⅝	+0⅛	+0¼	9.68
9 88	100	†95¼	96	+0⅛	+0¼	9.85
9⅞ 88	100	97⅜	97⅞	0	0	9.99
9½ 84	50	98⅛	98⅝	+0⅛	+0⅛	9.92
Int. Fin. 9¾ 85	50	99½	100	0	−0⅛	9.80
l O/S 9 83	25	97⅜	97⅞	0	+0¼	9.65
Bay Co. 10 94	50	100½	101	0	0	9.90
ance 9¾ 90	30	84⅜	85⅛	+0¼	+0⅛	10.50
onney 8½ 83	100	96⅛	96⅝	−0⅛	+0⅛	9.53
ba 9½ 88	75	97	97½	0	0	9.94
runswick 9¾ 94	75	97⅝	98⅛	0	0	10.03
ndland 10 94	50	98½	99	0	−0⅛	10.16
Hydro 9¾ 94	50	99⅛	99⅝	+0⅛	+0¼	9.83
9¾ 84	150	100½	101	0	+0¼	9.77
d 10 84	50	97¼	97¾	+0⅛	+0⅛	10.67
Hydro 9½ 93	50	96½	97	0	−0⅛	9.92
d Fin. XW 9½ 91	25	92½	93¼	+0⅛	+0⅛	10.57
Roebuck 9 82	150	98⅜	98⅞	+0⅛	0	9.55
olm 9¾ 94	50	99½	100	0	+0½	10.02
85	200	†95½	96¼	0	+0⅛	9.62
93	150	†95	95½	−0⅛	+0⅛	9.72

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
an Ex. Int. 5½ 87	70	95¼	96	0	−0½	6.22
ina 6½ 88	100	93¼	94	−0⅛	−0⅛	7.45
ra 6 88	250	99	99½	−0⅛	−0¼	6.10
5¾ 90	150	92¼	92¾	−0¼	−0½	6.70
Desarrollo 7¼ 86	100	97⅞	98⅜	0	−0⅛	7.58
nerica 5¾ 90	150	95⅞	96⅛	−0⅛	−1⅛	6.22
t. Algerie 7⅛ 85	100	96⅞	97⅜	−0⅛	−0⅛	7.79
7⅛ 87	150	99⅝	100⅛	0	−0½	7.26
6 88	150	95⅞	96⅜	−0⅛	−1⅛	6.55
anhttn. O/S 6 93	100	98⅜	98⅞	0	−0⅛	6.14
rzbank XW 3½	100	†81	82	−0⅛	−0⅛	6.18
agen City 6 90	75	92⅞	93⅜	0	+0⅛	6.92
l of Europe 6¼	130	96¼	96¾	−0¼	−0⅛	6.75
rk 5¾ 85	100	96¾	97¼	0	−0⅛	6.38
rk 6½ 89	100	96¾	97¼	0	−0⅛	6.93
90	300	92⅝	93⅛	−0½	−0⅞	6.91
91	200	96⅝	97⅛	0	−0⅛	6.89
ras-Brazil 7 87	100	96⅞	97⅜	−0⅛	−0⅛	7.54
e 6½ 89	100	100¾	101¼	0	+0¼	6.32
d 6 83	150	99	99½	+0⅛	−0⅛	6.15
Ship. 5¾ 83	50	98⅜	99⅜	+0⅛	+0¼	6.05
sia 7 84	100	96⅛	96⅝	+0¼	0	7.36
City of 5¾ 88	100	97⅞	98⅜	−0⅛	−0½	6.05
Fin. 7 89	150	98⅞	99⅜	+0¼	+0⅛	7.14
ishi Petro. 5¾ 85	100	98¼	98¾	−0⅛	+0⅛	6.03
ealand 6¼ 87	200	[illegible]	99⅞	−0⅛	−0⅛	6.31
Kokan 7½ 84	100	99⅜	99⅞	0	+0⅛	7.59
Steel 5¾ 85	100	97⅞	98⅜	+0¼	+0⅛	6.13
Tel. & T. 5½ 87	100	94⅞	95⅜	−0½	−0¼	6.30
Inv. Bk. 6¼ 86	60	97¾	98½	−0¼	−0⅛	6.50
Komm. 6 90	100	94¾	95¼	+0⅛	−0⅛	6.64
Komm. 6¾ 89	150	97⅛	97⅝	−0⅛	−0⅛	6.60
ntal 6⅜ 90	150	96¼	96¾	−0⅛	−0½	7.20
½ 88	100	99⅛	99⅝	0	−0½	6.57
87	40	98¼	99	+1⅛	+0¼	6.22
o Brazil 7 88	100	97⅞	98⅜	0	+0⅛	7.27
5¾ 83	30	[illegible]	97⅞	0	+0¼	5.87
6 88	150	95⅞	96⅜	+0⅛	−0⅛	6.54
6½ 89	150	98	98½	+0⅛	0	6.76
Group 5¾ 83	65	[illegible]	97⅜	−0⅛	+0⅛	6.51
Bank-Finn 6½ 88	50	94⅜	94⅞	−0⅛	−0⅛	7.28
ela 6½ 90	150	91⅞	92⅜	−0¼	−0¼	7.54
Bank 6¾ 88	400	97	97½	+0⅛	−0½	6.64

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
5¼ 88	40	104	104½	0	+1⅛	4.67
Exp. Int. 3½ 93	40	97¼	97½	−0⅛	−0¼	3.73
Dev. Bank 3½ 94	100	91	91¼	0	+0⅛	4.32
3½ 93	100	95⅛	95½	−0⅛	+0⅛	3.92
4¼	100	99¾	100	0	+0¼	4.25
3⅜ 89	300	96⅛	97	0	−0⅛	4.01
Manhattan 4 93	70	100½	101	−0⅛	−0⅛	3.93
il of Europe 4¼	100	100½	101	0	+0¼	4.17
merica 3¾ 93	80	98¼	99	−0⅛	0	3.85
5 88	75	101½	101¾	0	0	4.78
ark 4½ 90	100	96½	97	−0⅛	+0⅛	4.87
4 93	100	99	99½	−0⅛	−1	4.32
om 4⅜ 93	80	99	99½	−0⅛	−0½	4.32
Smidth 4½ 89	25	100½	101	0	−0⅛	4.41
d 4½ 93	80	100	100½	0	+0⅛	4.47
4½ 93	100	101½	102	−0⅛	0	4.33
4¼ 89	35	98¼	98½	0	+0⅛	4.46
n. NV 3½ 94	230	93⅜	94	+0⅛	0	4.05
sia 4¾ 90	80	98⅝	99	+0⅛	+1¼	4.88
Zealand 3½ 94	120	95	95½	0	+1	3.93
s Komm. 4¼ 90	100	101	101½	−0⅛	+0⅛	4.11
3¾ 91	100	95	95½	+0¼	−0⅛	4.26
okia 5 90	20	102	103	0	+0¼	4.71
ipines 4¾ 89	50	98¼	98½	+0⅛	+0½	4.96
vik 4 90	85	97¾	98	0	+0⅛	4.23
4 91	100	97	97½	0	+0⅛	4.30
t-Alpine 4½ 93	100	100¼	100½	−0½	−0¼	4.46
a 4 93	100	99½	99¾	−0¼	0	4.03
d Bank 4¼ 93	250	100¼	100½	+0⅛	+0¼	4.21

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Dev. Bank 5¾ 88	15	87⅜	88⅛	−0⅛	−0⅛	7.61
ralia 5.6 83	30	95⅛	96⅛	0	−0⅛	6.81
ralia 6½ 88	20	93	94	0	0	7.59
nd 5.6 83	10	94⅜	95⅜	0	−0⅛	7.00
nd 6.8 88	10	93⅜	94⅛	0	0	7.85

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	98⅞	99⅜	+0⅛	+0⅛	9.19
Auto Cote B. 7 93 EUA	15	91½	92¼	0	0	7.93
Komm. Inst. 7¼ 93 EUA	15	97⅜	97⅞	0	+0¼	7.70
Panama 8¼ 93 EUA	20	94½	95¼	0	0	8.85
SDR France 7 93 EUA	22	94⅛	94⅞	0	+0⅛	7.65
Algemene Bk. 6⅜ 83 Fl	75	95¼	96¼	−0⅛	+0⅛	7.37
CFE Mexico 7¼ 83 Fl	75	96⅜	96⅞	−0⅛	0	8.15
EIB 7¾ 85 Fl	75	94¼	95⅛	0	−0⅛	8.23
New Zealand 6¾ 84 Fl	75	94⅛	95¼	−0⅛	−0⅛	7.97
Norway 8¼ 84 Fl	100	100¼	101⅛	−0¼	−0¼	8.00
Elf Aquitaine 9¾ 88 FFr	150	98¾	99¼	−0¼	−0⅛	9.90
EIB 9¾ 88 FFr	200	99	99½	0	0	9.88
Norway 9¼ 84 FFr	200	99½	100⅛	0	0	9.31
PSA Peugeot 9¾ 87 FFr	175	99¼	99¾	−0⅛	−0⅛	9.83
Total Oil 9½ 87 FFr	150	97¾	98½	0	−0¼	9.72
Unilever 10 85 FFr	100	101	101¾	0	0	9.69
CECA 9¾ 89 £	20	90⅜	91	+1½	+2⅛	11.24
Citicorp 10 93 £	20	90⅞	91⅛	+1⅛	+2¾	11.27
EIB 9¾ 88 £	25	93¼	94⅜	+1⅛	+3¼	10.78
Finance for Ind. 13 91 £	15	104⅛	104⅝	+0½	+2⅛	12.28
Fisons 10¾ 87 £	10	92¼	93¼	+1	+2	11.50
BAT 8 88 LuxFr	250	97¼	98¼	0	+0⅛	8.35
Bayer Lux. 8 86 LuxFr	250	97¼	98¼	+0⅛	0	8.31
EIB 7¾ 88 LuxFr	250	96½	97½	0	−0¼	8.19
Euratom 8 87 LuxFr	500	100	101	0	+0⅞	7.91
Finland I. F. 8 88 LuxFr	250	97⅛	98⅛	0	+0¼	8.33
Norway 7¾ 83 LuxFr	[illegible]	97⅜	98⅜	0	0	8.34
Norges Km. 8 86 LuxFr	500	98¼	99¼	−0⅛	−0⅛	8.15
Renault 7¾ 88 LuxFr	500	97¼	98¼	+0⅛	+0⅛	8.09
Solvay Fin. 8 85 LuxFr	500	100⅛	101⅛	0	+0⅛	7.86
Swedish Bk. 8 88 LuxFr	500	99⅛	100⅛	0	+0⅛	7.96

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0⅛	96⅜	96⅞	31/7	11.44	11.84
BFG Fin. Co. M5.5 89	0¼	98½	99	12/7	12.4	12.56
Bco. El Salvador M6 83	1¼	97⅝	98⅛	12/4	11.31	11.56
Bco. Nac. Argnt. M8 83	0¼	100	100½	21/7	12¼	12.22
Banco Nac. Argnt. 7 86	0⅛	97⅞	98⅜	22/9	11⅛	11.72
Banco Urquijo 6 86	0¼	97¾	98¼	21/9	11⅛	11.73
Bank of Tokyo M5½ 93	0¼	97¾	98¼	18/4	10⅛	10.77
Banque Worms M5¾ 85	0¼	98½	99	15/6	12	12.15
Bq. E. d'Alg. M8.375 84	0⅛	96⅜	97⅛	9/8	11⅞	12.27
Bq. Ext. d'Alg. M7.5 85	0⅛	95⅛	95⅞	2/5	12¾	13.35
Bq. Indo et Suez M5½	0¼	[illegible]	99¼	25/7	12	12.06
Bq. I. Af. Occ. M6.5 83	0¼	97⅞	98⅜	12/7	12.4	12.64
BNP 5½ 91	0¼	97⅝	98⅛	22/2	11⅛	11.62
CCCE M5.25 98	0¼	97⅛	97⅞	3/8	11⅛	11.65
Ch. Man. O/S M5¾ 93	0⅛	97⅞	98⅜	27/7	11.73	11.95
Citicorp O/S Fin. 6 94	0¼	99⅛	99⅝	8/6	11.06	11.10
Credit National M5¾ 88	0⅛	98½	99	11/7	12.31	12.47
Gotabanken M6 88	0¼	98¼	98¾	15/5	12.31	12.50
Ind. Bk. Japan M5½ 85	0¼	99¾	100¼	1/6	12.35	12.35
Ljubljanska M7.75 85	1	97¼	98	18/7	12.94	13.25
LTCB Japan M5¼ 85	0¼	99½	99¾	9/5	12.06	12.12
Midland Intl. M5½ 93	0¼	98⅞	99⅜	20/7	12⅞	12.36
Nipp. Crdt. Bk M5.5 85	0½	99¾	100¼	22/6	12.81	12.81
OKB M5¼ 88	0⅛	99⅞	100⅜	18/4	10.69	10.66
Offshore Mining 86	0⅛	99	99½	19/7	12.19	12.28
Petro Mexicano 7½ 84	0¼	98¾	99¼	24/7	12.06	12.18
Privredna Banka M8 86	0⅞	95⅞	96⅞	22/6	13.44	13.94
Standard Chrt. M5.5 90	0¼	97½	97¾	10/8	11.56	11.86
Sundsvallsbnkn. M6 85	0¼	97⅛	97⅞	4/4	10.05	10.37
Thailand 7 84	0¼	†97¼	97¾	15/3	11.31	11.06

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	90¾	91½	+0⅛	7.44
Baker Int. Fin. 5½ 93	1/79	34	117½	119	−1	3.41
Boots 6⅜ 93	2/79	2.16	108⅛	108⅞	+2	−4.48
Ciba-Geigy O/S F 4 94	9/79	675	94⅜	94⅞	−0⅛	−16.63
Coca-Cola Bottling 6¾	4/79	9	89½	90½	−0¼	15.71
Honda Motor 5½ 89	5/79	632	91⅞	92⅝	−0¼	6.81
Ito-Yokado 5¾ 93	6/78	1339	114½	115¼	−0½	0.99
Novo Industri 7 89	4/79	259	88¾	90½	+0⅛	8.05
Texas Int. Air. 7½ 93	4/79	14.5	91	92	0	14.08
Thorn Int. Fin. 7 88	11/78	3.67	125⅜	125⅞	+4½	−0.37
Tyco Int. Fin. 8½ 88	9/78	21	101¾	102¾	+1	17.08
Asahi Optical 3½ DM	12/78	588	96⅛	97¼	+0¼	0.64
Casio Cp. 3½ 85 DM	11/78	841	93½	94⅛	0	8.22
Izumiya 3½ 86 DM	10/78	989	91¾	92¾	+0½	12.89
Jusco 3½ 86 DM	1/79	1154	88⅜	89⅜	−0¼	23.39
Kansai Elec. 4 84 DM	4/79	1350	92¼	93¼	+0⅛	20.17
Konishiroku 3½ 85 DM	1/79	612	92⅜	93⅝	+0⅛	14.43
Marudai Food 3½ DM	2/79	1033	90¼	91¼	−0⅛	28.81
Murata M. 3½ 86 DM	11/78	854	99⅝	100⅞	+0¼	−0.47
Nipp. Air. 3.5 88 DM	12/78	508	87⅝	88⅝	+0¼	9.35
Nippon Shinpan 3¾ DM	8/78	[illegible]	96	97	+0¼	0.18
Nippon Ysn. 3½ 85 DM	1/79	[illegible]	93½	94½	−0¼	8.85
Nissan Diesl. 3½ 86 DM	2/79	477	90⅝	91⅝	0	8.94
Olymp. Opt. 3½ 85 DM	2/79	703	100¼	101	+0½	0.55
Ricoh 3½ 86 DM	10/78	[illegible]	96	97	+0⅛	19.90
Sanyo Electric 3½ DM	11/78	295	92⅛	93⅛	+0¼	0.64
Sharp Co. 3½ 88 DM	2/79	487	[illegible]	96⅛	+1¾	10.81
Stanley Elec. 3½ DM	11/78	623	92	93	+0⅛	21.18
Tokyo Elec. 3½ 87 DM	4/79	476	[illegible]	94⅞	+0½	3.56
Tokyu Ld. Cp. 4 86 DM	4/79	493	[illegible]	91⅛	+0½	9.17
Trio-Knwd. 3½ 86 DM	11/78	711	87⅛	88⅛	+0½	31.49

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.date = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. *Prem* = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Gulf Oil in $90m refinery sale in Spain

PITTSBURGH — Gulf Oil Corporation is selling a transport subsidiary, Compania Maritima Gulf SA, and a 34.3 per cent interest in Refineria de Petroleos del Norte SA (Petronor) to the Spanish Government-controlled oil company, Campsa, for $90m plus assumption of certain obligations.

Profit from the sale will not have a significant impact on 1979 earnings, Gulf said.

Campsa, Compania Arrendataria del Monopolio de Petroleos SAA, previously held a 32.9 per cent interest in Petronor. The remaining interest is owned by a group of Spanish banks.

Petronor operates a 250,000-barrel a day refinery near Bilbao on Spain's northern coast.

Gulf still has several Spanish investments including Sociedad Anonima Espanola de Lubrificantes (SAEL), a lubricating business, and a specialty chemicals plant.
Reuter

Ticor approves merger plan

LOS ANGELES — Ticor, the insurance group, said that the Board has approved a previously announced plan to merge with a subsidiary of Southern Pacific.

The deal is subject to approval by Ticor shareholders and regulatory agencies. Ticor has postponed its annual meeting of stockholders, scheduled for April 25, to permit the preparation of proxy materials.

Under terms of the deal, Ticor shareholders will receive $18 cash and $22 in principal amount of a new issue of Southern Pacific's 10.35 per cent debentures, due 1994, for each Ticor common share.
Reuter

INTERNATIONAL CAPITAL MARKETS

Dollar Eurobond for EDF

BY OUR EUROMARKETS STAFF

ELECTRICITE DE FRANCE, the French national electric utility, re-opened the dollar sector of the straight Eurobond market with a $75m public *issue through Societe Generale*. Other terms of this issue, which are final, include a coupon of 9⅝ per cent, a bullet maturity of seven years, a price of par and a selling group discount of 1¼ per cent.

Nine international banks are acting as co-managers. This bond issue marks a further step in the refinancing of outstanding debt which EDF has undertaken since last year. So far, this refinancing has been essentially done in the form of medium term credits, often serving as back-up for the issue of commercial paper in New York.

The latest bond issue EDF has floated include a SWFr 60m bond in March 1975 and an SDR 30m bond in July 1975. Of the three Yankee bonds EDF has arranged, the last was in June 1977.

"The prices of seasoned dollar bonds moved up by about ⅛ of a point, helped by the strength of the dollar and the slight easing of six-month interest rates: the volume of trading was described by dealers as reasonable.

In the sterling sector prices moved up by ⅛ to ½ a point with older issues rising more sharply than recent ones. Buying interest ahead of the British general election was said to be very strong.

In the Deutsche-Mark sector, prices were marked down by about ⅛ of a point following the announcement by the Bundesbank that both the discount and Lombard rates would be increased by one point to 4 and 5 per cent respectively. This mark down was essentially a psychological reaction as little trading appears to have taken place.

New twist for Hungarian credit

BY JOHN EVANS

HUNGARY IS shortly to raise $300m on the international capital markets by way of a loan tied to the U.S. banking prime rate, the first time an East European state has employed this particular borrowing technique. The aim is to attract American banks into the syndication, which will be mounted in the name of the National Bank of Hungary.

The loan will be managed by the *Manufacturers Hanover* Group of the U.S.

Hungary is currently the most active of the Comecon countries in the Eurocurrency markets, having completed a conventional syndicated credit for $300m a little over a month ago. This loan, arranged by Morgan Grenfell, was raised among a group of European, Japanese and Canadian banks.

Major American banks did not participate. The credit carried margins over interbank Eurodollar interest levels ranging between ⅞ and ⅞ per cent, with maturities of up to 10 years.

By tempting U.S. institutions into the latest transaction, the National Bank is attempting to diversify the sources of its international borrowings, London bankers commented.

The U.S. banking community has found the steady decline in lending spreads paid by most credit. Eastern European countries unpalatable. With the exception of Poland, it has sharply reduced the pace of its lending to the area in recent months because of dwindling returns.

The latest loan, with a seven-year maturity, will carry margins based on a differential ranging between ⅞ and ½ per cent over prime rate, the American banks' base lending rate to their top-quality customers.

This formula should ensure that the banks generate a slightly higher return than would be the case with a straightforward Eurocurrency

Bank of China loan terms fixed

BY FRANCIS GHILES

TERMS OF the first commercial loan, of $500m, to the Bank of China, the mandate of which was awarded to UBAF earlier this week, include a maturity of 3½ years and a margin over the London interbank rate of ½ per cent. This loan is in the form of a bullet: it will be repaid in one lump sum at the end of 3½ years.

The mandate to UBAF was awarded after the concerted approach made by a number of Arab-based banks to Peking: last February the chairmen of four such banks went to China. The visitors included Dr. M. Abushadi, chairman of Union de Banques Arabes et Francaises and UBAF Ltd.; Mr. Abdullah Saudi, chairman of Libyan Arab Foreign Bank, Union de Banques Arabes et Européennes in Rome and Banco Arabe Español; Mr. Abdul Shoman, chairman of Arab Bank; and Mr. Ibrahim al Ibrahim, chairman of Arab African International Bank.

Initial reaction among international banks was one of puzzlement, especially at the short maturity of the loan. China's reserves are believed to have been run down to an estimated $2bn and the country is thought not to have any surplus on its trade balance.

Proceeds of the loan might possibly be used to help finance the purchase of grain. The Chinese are expected to buy 10m tonnes this year, one to two million tonnes above last year and their largest grain purchase in any one year. The large grain imports are due to disappointing harvests in recent years.

Sears Samurai debut disappoints

By Richard C. Hanson in Tokyo

SEARS, ROEBUCK'S entrance to the Samurai bond market with an unsecured issue, the first of its kind, appears to have been a major disappointment, with underwriters unable to place a large portion of the bond during the initial offering period.

According to underwriting sources, only about half of the issue was successfully placed despite vigorous efforts by underwriters, who were led by Nomura Securities and co-managed by Daiwa Securities.

Although there is no official pricing because of current market confusion, a fair inter-dealer price for bonds is now out as low as 96 per cent of par. The issuing price on March 23 was 99.75 per cent with a coupon of 6.5 per cent for Yen 20bn over five years.

The poor performance of the issue, reflecting a rapid deterioration in the bond market generally toward the very end of the March fiscal year, does not bode well for other Yen bonds signed today by Denmark and Austria for settlement in April.

The Sears issue apparently did not receive a warm welcome from the banks and other financial institutions needed to make it a success—Government pension funds and agricultural co-operatives cannot buy the foreign issues. Commercial banks, before the Finance Ministry granted approval for unsecured issues, were generally opposed to them and probably see no particular reason to support them now.

It is believed that the amount of foreign Yen bond issues planned in April to June have to be curtailed. This has already happened in the bond agreements just signed with Denmark and Austria.

Initially, Denmark wanted to raise Y30bn, but this was cut down to Y15bn over ten years. The issue was priced at 99.50 per cent with a coupon of 7.2 per cent. Austria will issue Y18bn for ten years priced at 99.70 per cent at a coupon of 7.3 per cent.

Private Italian steel group beats trend

By Rupert Cornwell in Rome

ITALIAN STEEL company, Acciaieren e Ferrerie Lombarde Falck, which is a quarter-owned by the powerful group of Sig Carlo Pesenti, managed last year to defy the trend of the industry elsewhere in Europe and reported a small annual profit.

Net earnings for the parent company reached L2.4bn ($2.8m) for 1978, little changed from 1977. Sales climbed by 21 per cent for the parent company to L374bn ($445m) from L308bn the previous year. However, consolidated sales which had topped L500bn in 1977 were not disclosed.

The profits reported by the privately-owned Milan-based group contrast vividly with the heavy losses experienced by many state-owned or subsidised concerns recently in other EEC steel producing countries.

Falck said that investment last year rose by four-fifths to L33bn, while for depreciation provisions exceeded L24bn.

Production of steel rose by 8 per cent to 1.04m tonnes last year, while exports climbed by 20 per cent to a value of over L80bn.

The dividend payment comes out only slightly higher on an equivalent basis. The Falck board is proposing a payment of L150 on preferred stock, and L100 apiece for ordinary shares. This compares with L170 for both categories in 1977. In the interim, however, the company's capital had been increased to L49.5bn from L33bn by a one-for-two scrip.

● Fingest SpA recorded a net profit of L7.53bn for 1978, down from L8.12bn the previous year. The dividend is L85 a share against L100 a year earlier, AP-DJ reports from Milan.

Fingest is a holding company controlled by Montedison.

Alitalia counts the cost of strike

BY PAUL BETTS IN ROME

ALITALIA, Italy's national airline is facing a severe financial setback as a result of a cabin crew strike that has grounded practically all the company's fleet for the past 38 days. This comes after the airline has reported profits of some L11bn ($13.1m) for each of the past two years.

The strike, which according to some estimates has already cost the company about L40bn ($47.73m), has come at a particularly delicate time for the state-controlled airline which is involved in a L2,500bn 10-year investment programme. This includes, among other things, the addition of eight airbuses and six new Boeing 727s by 1981. Alitalia has also taken options on a further three airbuses and an additional three Boeing 727s.

While agreement was reached at the weekend between Sig. Vincenzo Scotti, the Labour Minister, and the trade union leadership on a solution to the crippling strike, including average monthly wage increases of some L115,000, unofficial leaders appear intent in continuing the series of wildcat strikes which has paralysed the airline for more than a month.

Negotiations between Alitalia and cabin crew staff began some 18 months ago. But have suffered repeated adjournments and postponements. However, against the background of political uncertainty and the broad negotiations for a series of key three-year national labour contracts, relations between the company and the rank and file have deteriorated dramatically.

Throughout the negotiations, the company said it would agree to increase wages only if there was a parallel increase in productivity. Alitalia has traditionally been plagued by a high rate of absenteeism, which has averaged year by year about 20 per cent.

The decision of the unofficial shop stewards, who during the last two weeks have set up so-called "battle committees" to organise wildcat strikes, to pursue their militant stand, despite the agreement reached at the weekend, underlines the divisions within the trade union movement as a whole.

The union leadership is now coming under increasing pressure and attack from its base which is apparently rejecting so far the leadership's more moderate approach to wages and other key issues like labour mobility, and shorter working hours.

At a time of a threatened upsurge in inflation, the Government is seeking to contain labour costs by avoiding any real increases in wages in the current round of labour negotiations—involving some 10m workers in both the private and public sectors.

The Alitalia strike has confirmed increasing pessimism among Italian industrialists over the current round of negotiations. At the same time, it has caused general apprehension over the likely inflationary repercussions of their outcome.

The hardline of the unions in the face of the apparent intransigence of the base was also eloquently reflected by a demonstration of more than 100,000 members of the Engineering and Metalworkers Union in Milan this week. The Engineering and Metalworkers Union, whose national contract is now also up for renewal, has traditionally set the pattern of wages in Italy.

Strong recovery from Vallourec

By Terry Dodsworth in Paris

VALLOUREC, THE French wide-diameter steel tube manufacturer, which was dragged into losses during the steel industry crisis of 1977, climbed back into profits last year. After a depreciation charge of Fr 210.8m ($49m) profits worked out at Fr 21.1m, comparing with a loss of Fr 69.9m. Turnover rose to Fr 8.5bn against Fr 7.5bn.

Vallourec has been more sheltered from the repercussions of the steel crisis than other companies in France because of its highly specialised range of products and the substantial investment it has gone through in recent years. At the same time, it has changed its structure radically during the last year following the Government intervention in the steel industry.

Formerly part of the DLEL group the holding company for Usinor, France's largest steel producer, Vallourec's share capital is now more widely dispersed. DLDL's 58 per cent stake has been transformed into a 23.4 per cent holding, plus a 49 per cent minority share in a holding company which will have another 5 per cent of Vallourec's capital.

The group is also intending a further reorganisation by injecting its small welded tubes division into Tubesm de la Providence, a Franco-Belgian company. Vallourec, which will retain almost 64 per cent of the new company, says that this move will produce a unit of sufficient size to compete effectively with other European manufacturers in the same field.

A dividend payment of Fr 7.50 a share is to be proposed by the Board for July 12.

Hunosa tops the lossmakers' list

BY ROBERT GRAHAM IN MADRID

HUNOSA, the state mining concern, has reported a loss of Pta 14.9bn ($217m). This is 48 per cent up on last year's loss of Pta 10.08bn and makes Hunosa the biggest lossmaker within the State holding company, INI. Hunosa produces about a quarter of Spain's coal and provides two-thirds of industry's coking coal needs.

One of the reasons attributed to the sharp rise in losses has been the deteriorating cash flow of several important industrial clients which has led to increasing delays in sales payments. Hunosa's President, Mr. Jose Manuel Fernandez Felgueroso, said at the company's annual meeting that Altos Hornos de Vizcaya, the second largest integrated steel producer in Spain, owed Pta 2bn.

Another cause for the increased loss has been lower levels of productivity. The company witnessed a rise in the number of strikes. But in December, for instance, strike action was instigated because the company itself could only cover part of the monthly pay of its 24,000 labour

Swedish retailer cuts back losses

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDISH retailing group NK-Aahlen reports that in the first four months of this year pre-tax earnings rose to SKr 94.5m ($21.7m) against SKr 7.6m.

But managing director, Klas Holmberg, told the annual meeting that the group would remain in the red by anything up to SKr 50m for the year ending October 31, compared with a pre-tax loss of SKr 107m for the preceding 12 months. As reported earlier, NK-Aahlen passed over its dividends for last year.

The latest four-month earnings figure included capital gains of SKr 20.2m from property sales, against losses of SKr 19.7m for the corresponding period a year earlier due to extraordinary costs of the merger of the NK and Aahlens department store chains. Sales were up 6.3 per cent to SKr 3.2bn ($733m), including a 5.8 per cent rise in retail turnover or roughly unchanged retail volume compared with November 1977-February 1978. Adjusting for closures of sales units in the past year, retail volume was up 2 per cent.

UBS chief defends 'Big Three' Swiss banks

BY JOHN WICKS IN ZURICH

THE BIG three Swiss commercial banks together hold a stake of only some 6 per cent in the country's major industrial, trading and service companies. Speaking at the annual general meeting of Union Bank of Switzerland in Zurich, Mr. Philippe de Weck, the chairman, used this estimate to rebut claims that the leading banks exerted a controlling influence on national big business.

Mr. de Weck based his calculations on the assumption that Swiss Bank Corporation and Credit Suisse had a share in top manufacturing, trading, insurance, transport, electricity and other service companies similar to the 1.95 per cent of nominal capital held by his own bank.

He pointed out that there was a very considerable spread of share ownership in Switzerland. Union Bank of Switzerland itself had nearly 70,000 holders of registered and bearer stock, he said, and Nestlé an estimated total of between 80,000 and 90,000. The Ciba-Geigy chemical concern had over 60,000 holders of registered shares alone.

The U.B.S. Chairman also denied that the big banks were so strongly represented on the boards of major companies as to control and dominate these in this way. The Board memberships of Chairmen and general managers of the big banks totalled only 56 out of 966 seats in the 110 companies concerned.

Dr. Nikolaus Senn, the general manager, stressed the importance of the banking system as a source for domestic credit. At the end of 1977, he said, Swiss banks had outstanding domestic loans of some SwFr 170bn, this including an estimated SwFr 100bn in the form of loans to companies. The remainder was made up of about SwFr. 10bn in credit and loans to public authorities and some SwFr 60bn—mainly as mortgages—lent to private persons. At the same time, total financing of the Swiss economy via the capital market had amounted to nearly SwFr 140bn, said Dr. Senn. Of this, SwFr 67bn was accounted for by shares quoted on the stock market. The remaining SwFr 72bn of borrowings, included SwFr 30bn owed by public authorities and a good SwFr 42bn on loan to private enterprise.

He pointed out the fact that bond and share financing of the private sector thus added up to Swfr 109bn, or more than the Swfr 100bn of bank loans. This illustrated the importance of securities to Swiss private enterprise.

* * *

The past year was a "satisfactory" one for the Swiss Interfood group, the Lausanne-based holding company states in a letter to shareholders. Turnover of the group, which has as its two major operating concerns the chocolate and confectionery undertakings Suchard and Tobler, rose in terms of Swiss francs by over two per cent to Swfr 1.22bn.

French building group raises dividend

By David White in Paris

BOUYGUES, the French building group which has established a growing business in the Middle East, announced a 75 per cent increase in its net profit for last year, a 50 per cent hiher dividend, growth of well over a third in group turnover and ap lan to double its capital by a scrip issue.

This is despite the effective loss of assets and stocks in Iran, where the group was carrying out basic construction work on French nuclear power installations until the revolutionary government called a halt to the contract.

Bouygues is due to receive indemnities from the French export credit guarantee authority, Coface, but these were not taken into account in the 1978 results.

Record assets expansion for Bawag

BY PAUL LENDVAI IN VIENNA

BAWAG (Bank Fuer Arbeit und Wirtschaft), the Austrian union bank reports its best year ever in terms of business expansion for 1978. Announcing this yesterday, Herr Walter Floettl, director general and chairman of the bank, added that the consolidated balance sheet last year rose 26.7 per cent to Sch. 51.8bn ($3.79bn). The increase by Sch. 10.9bn represents the highest ever annual increase in the history of the bank. Since 1971 total assets have increased four and a half times.

The capital of Bawag was raised by Sch 150m to Sch 600m. In the course of the expansion the bank increased the number of its branch offices by 13 to 44. Including export finance, loans were up by 31 per cent to Sch 21.9bn. Personal loans to wage and salary earners arranged through shop stewards reached Sch 10.5bn, and portfolio investments rose by Sch 1.4bn to Sch 7.9bn.

Mr. Elbetti said that the total deposits were up last year by 27 per cent to Sch 49bn. The rate of growth in savings deposits was 28.3 per cent to Sch 10.5bn, a rate well over the Austrian growth average of 17.2 last year.

Herr Floettl drew attention to the deterioration of the earnings position as a result of narrowing differential between borrowers and creditors interest rates. According to Bawag figures, the interest rate differential fell from 18.8 per cent in 1977 to 16.6 per cent last year. Interest income rose from Sch 410m to Sch 470m, while income from commissions was up by 12 per cent from Sch 255m to Sch 285m.

Bawag which is a founding member of the Centro International Vienna based consortium also reports an expansion of foreign business which currently accounts for 20 per cent of its total assets and 18 per cent of its liabilities. The Communist bloc accounts for an estimated 60 per cent of its foreign loans. The cash flow on an adjusted basis rose from Sch 228m to Sch 244m. After taxes and allocation to reserves, net profit came to Sch 28m, about the same as in 1977. The dividend remains unchanged at 7 per cent on preferential and at 6 per cent on ordinary shares.

Swiss bank holds profit and payment

By Our Zurich Correspondent

SWISS bank Banca Della Svizzera Italiana, recommends an unchanged 12 per cent dividend for 1978 following almost unaltered net profit of SwFr 22.7m ($13.51m) compared to SwFr 22.6m.

Balance sheet total rose 5.7 per cent to SwFr 2.5bn. Clients' deposits increased by 5.6 per cent to over SwFr 1.6bn and loans by 21.3 per cent to SwFr 1.19bn. Despite this latter development net interest income fell by SwFr 8.2m to SwFr 18.1m.

Net commission income last year was up to over SwFr 35m and that from foreign-exchange and precious-metal dealing jumped from SwFr 7.15m to SwFr 12.68m.

● Industrial company, of Neuhausen am Rheinfall, recommends payment for 1978 of unchanged dividends of SwFr 30 per registered share and SwFr 60 per bearer share. Net profits for the year were down slightly from SwFr 3.25m to SwFr 3.19m after unaltered depreciations of SwFr 7m. The company is a manufacturer of machinery, arms and rolling stock.

Kosmos lowers payout after profits setback

BY FAY GJESTER IN OSLO

THE NORWEGIAN shipping group A/S Kosmos, which also has industrial and oil interests, reports a downturn in profits last year. After-tax profits and allocations were NKr 8.8m ($1.72m) NKr 2.5m lower than a year earlier. Lower freight earnings, rising operating costs and unfavourable currency movements contributed to the decline.

A reduced dividend of NKr 10 per share is proposed, half of what the group paid in 1977. Gross freight earnings were NKr 100m down on a year earlier, and a further fall is foreseen this year, as existing tanker charters expire. Liquidity is still good, however.

The annual report says that unless oil output in Iran revives, the outlook for the eight large tankers in the Kosmos fleet will be bleak. These ships account for over 90 per cent, by tonnage, of the group's total fleet. The long-term charters, on which most of them have been operating, expire this year. At present, only one is ensured employment for the second half of 1979.

Given an upturn in Iranian production, however, the group believes its troubles could be shortlived. The report points out that world oil stockpiles are falling fast and "there is reason to believe that the tanker market will improve considerably when the situation in Iran is clarified."

Jahre Line, the Kosmos passenger ships subsidiary, made a good profit last year and has ordered a new ship from a West German yard.

* * *

The domestic bond holdings of Swedish commercial banks should rise by more than SKr 20bn this year due to the Government's higher budget deficit and the bank's duty to purchase housing bonds, Goetabanken's managing director, Lars Nyren, said, Reuter reports from Stockholm.

He told the annual meeting of Sweden's fourth largest commercial bank that the government's budget shortfall for 1979 is estimated at SKr 45bn against SKr 33bn last year. It should even remain at SKr 43bn for 1982-83.

Some SKr 11bn of last year's budget deficit was covered through the purchase of government bonds by pension funds, insurance firms, corporations and private individuals, whereas SKr 15bn was financed by banks, SKr 5bn by the central bank and SKr 2bn from foreign borrowing.

The 1978 deficit led to a SKr 21bn rise in bank deposits, of which SKr 15bn was placed in government paper with six allocated to purchase housing bonds and reduce the banks' debt to the central bank, he added.

Japanese bearings maker seeks Toyota support

BY YOKO SHIBATA IN TOKYO

[K]OYO SEIKO, Japan's fourth [larg]est ball bearing manu[fact]urer and the largest ball [bea]ring exporter here, is in [fina]ncial trouble following the [shar]p Yen appreciation and the [imp]osition of the EECs anti-[dum]ping measures. It has [sou]ght full-scale support from Toyota Motor Company [Ko]yo's fourth largest share[hold]er with 3.7 per cent).

[K]oyo Seiko has called for [Toy]ota's executives to join its [boar]d in organising Koyo's [inte]gration into Toyota's sales production system. Adop[tion] of the Kanban system, as [it] is known, means that Koyo [Seik]o will manufacture ball [bear]ings exclusively for [Toy]ota's cars.

[To]gether with its main banks [Ky]owa holds 8.7 per cent of Koyo's shares, Sumitomo Bank 8.0 per cent and Sumitomo Trust Bank 8.0 per cent—the company has been planning management reconstruction measures. However, without a drastic reform of its production and sales system, Koyo Seiko appears to have little prospect of regaining viability.

The Japanese ball bearing industry in general has begun to recover from recession by rationalisation measures and diversification. Koyo's failure to foster its non-ball bearing division (accounting for only 15 per cent of turnover), meant that it suffered relatively heavily from the slump in the ball bearing market, and because of its failure to shift production lines overseas, it received a heavy blow from the Yen appreciation.

The company went into the red in 1977-78, registering operating losses of Y2.36bn ($11.5m) and a net loss of Y650m. It expects a provisional operating loss of Y8.8bn and a provisional net loss of Y6.7bn for the current year ending this month.

It hopes to become profitable in 1979-80 and has worked out a reconstruction programme which calls for a reduction of domestic inventories worth Y10bn; the generation of Y4bn of profits by the sale of real estate and securities; the reduction of borrowing by Y15bn; and the rationalisation of loss-making overseas subsidiaries.

If this programme achieves its target, the company hopes to build up operating profits of Y4bn for 1979-80.

Massey South Africa in talks

[B]Y JIM JONES IN JOHANNESBURG

[MAS]SEY-FERGUSON has been [nego]tiating with Federale [Volk]sbeleggings (FVB) for the [sale] of control of Massey-[Ferg]uson (South Africa). The [nego]tiations between FVB, and [Mass]ey—are for the present in [limb]o—but are expected to [sta]rt within a short time. A [bid] of R7m ($8.3m) was made [by F]VB for Massey's 51 per cent [inte]rest, but was turned down.

[FV]B, the main industrial [arm] of the Sanlam insur[ance] group, already has a 31 [per] cent stake in Massey South Africa, whic hit acquired in 1961 through the merger of Massey and South African Farm Implements Manufacturers.

Massey-Ferguson, it is understood, is not prepared to finance the further development of its South African offshoot. At the same time, FVB is following a policy of investing in companies on a controlling basis.

The background to the latest negotiations is that FVB approached Massey with a R4.00 a share cash bid for its 51 per cent 1.4m share interest in the South African assembly and distribution operation.

The R4.00 offer was turned down by Toronto and followed immediately by a R5.00 cash bid. This bid has also fallen by the wayside, it has emerged.

A stumbling-block on negotiations is the valuing of Massey South Africa. Its operations are currently in a cyclical downturn, and the company earnings are relatively low, at 12 per cent on capital employed, while net assets at the last balance-sheet date were shown at R8.00 cents per share.

Hong Kong property groups advance

[B]Y ANTHONY ROWLEY IN HONG KONG

[HON]GKONG LAND Company, [the] dominant property group, [and] Cheung Kong (Holdings), [the] biggest of the Hong Kong [Chin]ese-owned real estate [deve]lopers, have both reported [shar]ply higher profits for 1978. [Whi]ch points to encouraging [pros]pects for this year, despite [the] present high levels of [inter]est rates and inflation here.

[Ho]ngkong Land said its after-[tax] profits for the year ended [Dece]mber 31 were a record [HK$]279.5m (U.S.$56m), an in[creas]e of 24 per cent on the [prev]ious year. Earnings per [shar]e increased by the same per[cent]age to 58.1 cents.

[A] final dividend of 29 cents [a] share is recommended, [mak]ing a total for the year of [.. c]ents, 13.2 per cent up on previous year. A one-for-[..] scrip issue is proposed and [divi]dends are forecast to be [mai]ntained on the enlarged [capi]tal.

[H]ongkong Land said most of [its m]ain commercial properties [have] been revalued, as at [Dec]ember 31, indicating a sur[plus] over book value of [HK$]2.775bn in respect of [re]valued land, which has been [inco]rporated in the accounts" [Net] assets per share are now [HK$]11.65

[Its] development programme [shou]ld bring a further boost in earnings, with some 1.6m square feet of lettable space being added to its commercial portfolio by 1983. The main impact of this on earnings would be seen from 1980, although this year would be "another good year."

The demand for Hongkong Land's properties was sustained in 1978. All the group's existing commercial and residential Hongkong properties are fully let and projects underway are "substantially committed." Hongkong Land sold the P and O building in 1978 for a "substantial profit" which would be reflected in the 1979 accounts.

The purchase of the prime central property, Gammon House, (from Jardine, Matheson) was financed by a loan of HK$700m and a further HK$600m raised through a loan stock issue. There is no "present need for further borrowing and the group's gearing remains healthy."

Cheung Kong reported after-tax profits for 1978 rose by 55 per cent to HK$132.61m, plus extraordinary profits of HK$112.27m (US$26.57m) which arose from gains (estimated at about HK$50m) which were proceeds of the sale of shares in Hongkong and Kowloon Wharf and Godown Company, as well as profits on disposal of other interests, Mr. Li Ka Shing, the chairman, said.

Cheung Kong built up a stake of about 11 per cent of Hongkong and Kowloon Wharf and Godown, and had intended going further until a sharp rise in the wharf company's price decided Cheung Kong to sell the investment.

Mr. Li also confirmed that Cheung Kong has acquired a stake of more than 25 per cent in Green Island Cement Company through a subsidiary, as a long-term investment. Cheung Kong intends demolishing the P and O building in central Hong Kong next year and developing the site with a commercial and office block through a majority-owned joint venture.

He said that while high interest rates, oil price rises and inflation would affect the industrial and property development sectors of the Hong Kong economy, he viewed the long-term outlook for the colony's property market as very encouraging.

The final dividend is 28 cents making 43 cents for the year (up 34 per cent) with a one for five scrip issue. Dividends should be maintained on the increased capital this year.

[H]igher sales [s]een in Japan

[TO]KYO—More Japanese com[pani]es are predicting increased [sale]s and profits but are worried [abou]t rising prices of raw [mat]erials, according to a [gove]rnment survey.

[C]onducted by the Economic [Pla]nning Agency in February, [the] survey showed that 47 per [cent] of 1,531 companies capita[lise]d at Y100m ($4.83m) or [mor]e forecast increased sales, [up] from 25 per cent in the pre[vious]'s survey in November.

[A]DJ

Zung Fu profit up before extraordinary losses

BY HUGH PEYMAN IN HONG KONG

JARDINE, MATHESON'S motor car distributing subsidiary Zung Fu has reported higher 1978 group net profit of HK$28.51m before extraordinary losses of HK$19.35m compared with net profit of HK$21.03m and extraordinary profit of HK$5.01m in 1977.

The company wrote off HK$14.5m after disposing of its 49.5 per cent interest in Arvin (Hongkong) and HK$5m for research and development in Brookeades Pty of Australia for its microfiche camera system. This was a cautious move, Mr. Walter Sulke, the chairman of Zung Fu said, adding that the system has six to nine months in which to prove itself.

Jardine, Matheson has a 75 per cent interest in Zung Fu whose main activities include distributing Daimler-Benz products and computers.

Compromise in battle to control Kelvinator

By James Forth in Sydney

THE TWO contestants in the battle for control of Kelvinator Australia, the electrical appliance maker, yesterday hammered out an interim compromise. The contestants—the New South Wales-based Email and the Adelaide-based Simpson Pope Holdings—met to seek a compromise after a hectic share-market battle which resulted in each company owning 32 per cent of Kelvinator's capital. It also resulted in the price of Kelvinator shares soaring from A$1.20 before Email announced its initial share and cash bid, worth about A$1.60 a share, to a peak of A$2.82 before both parties agreed to a halt.

Email and Simpson Pope yesterday released a joint statement which said that Simpson Pope had agreed to sell 2.96m Kelvinator shares, of 18.5 per cent of the capital, to Email, which would lift the latter's stake to 50 per cent. Simpson Pope will remain a substantial shareholder, at least for the present, with a holding of about 14 per cent of the capital.

Remaining holders

The possibility of a renewed offer by Email was held out. The statement said that both companies were concious of the position of Kelvinator's remaining shareholders. Discussions would be held with Kelvinator's board "to see that these remaining shareholding interests are protected." On Wednesday, the price of Kelvinator shares plunged 95 cents to A$1.85 after Email and Simpson Pope stopped buying. Yesterday, the price rose 15 cents to A$2.00 on hopes that the talks would lead to an offer to the remaining shareholders. One of those shareholders is the U.S. group, White Consolidated with 10 per cent of the capital. Moreover, both Kelvinator and Email produce White goods under licence from White Consolidated.

Both Simpson Pope and Email, it was said yesterday, had agreed that through their joint interest in Kelvinator they would endeavour to work towards further product compatability. Email had agreed that Simpson Pope's current arrangements with Kelvinator would be protected and both parties would explore the development of further opportunities in this area. This was a major concession by Email. At present, Simpson Pope makes all the washing machines and dryers carrying the Kelvinator brand, which makes Kelvinator its largest customer. In turn Kelvinator is an important supplier of components to Simpson Pope. The desire to protect its supply arrangements was the main cause of Simpson Pope stepping into the market against Email.

Government concern

Arrangements are being made to hold discussions with the South Australian Government, which has expressed concern at the possibility of Email acquiring Kelvinator, at an early date.

Email and Simpson Pope said they believed that the agreement reached by the companies represented a sound basis for future co-operation.

If Email does extend a new offer to Kelvinator it is unlikely to match the A$2.82 paid on the market. If the stock exchanges insisted that this price should be matched the company could simply withdraw for three months, after which it would be entitled under the stock exchange listing requirements to offer any price it wished.

Yesterday's statement did not disclose the price Email agreed to pay Simpson Pope for the 18 per cent stake which gave it outright control of Email.

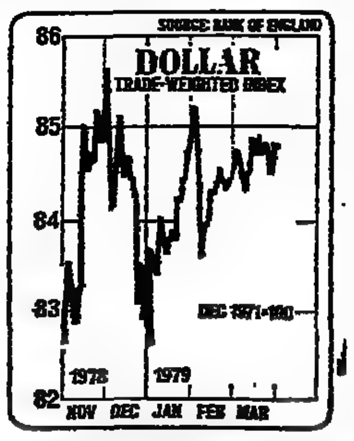
Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar and pound firm

The dollar and sterling advanced against most other major currencies in the foreign exchange market yesterday, continuing the general trend set during the earlier part of the week. Both currencies have tended to rise, apart from the nervous period before the OPEC meeting in Geneva as far as the dollar was concerned, and ahead of the vote of confidence in the British Government, which tended to depress the pound.

The dollar closed near the top of its range against most currencies, with its trade-weighted index, on Bank of England



figures, rising to 84.8 from 84.7. According to Morgan Guaranty in New York, the dollar's trade-weighted depreciation narrowed to 8.6 per cent from 8.7 per cent.

In terms of the D-mark, the dollar rose to DM 1.8670 from DM 1.8630, and to SwFr 1.6900 from SwFr 1.6830 against the Swiss franc. The Japanese yen was very weak, with the U.S. currency rising to Y209.15, before closing at Y208.30, compared with Y207.90 on Wednesday.

Sterling opened at $2.0505-2.0515, and fell to a low point of $2.0500-2.0510. It was fairly steady at around $2.0525, before climbing to a best level of $2.0560-2.0570 in the afternoon, and closing at $2.0550-2.0560, a rise of 60 points and the highest closing level since the end of October last year, just before the U.S. dollar support package.

The pound's trade-weighted index, as calculated by the Bank of England, rose to 65.7 from 65.5, the firmest level since February last year. It stood at 65.6 at noon and in early trading.

The Italian lira remained the firmest currency in the European Monetary System, while the Belgian franc continued to decline at the bottom of the system. In relation to ECU central rates at the start of the EMS on March 13, the lira has risen by 1.1688 per cent, compared with 1.1636 per cent on Wednesday; while the Danish krone has risen by 1.0948 per cent, compared with 1.0644 per cent; the Irish punt by 0.6663 per cent compared with 0.5063 per cent; and the Dutch guilder by 0.0157 per cent compared with 0.0092 per cent.

The French franc has depreciated by 0.0228 per cent from its central rate, compared with 0.1325 previously.

This means that since the system began the lira has strengthened against the kronen by 0.07 per cent (0.10 per cent); the punt by 0.50 per cent (0.66 per cent); the Dutch guilder by 1.15 per cent (unchanged); the French franc by 1.19 per cent (1.30 per cent); and D-mark by 1.61 per cent (1.51 per cent); and the Belgian franc by 2.28 per cent (2.10 per cent). Wednesday's figures are in brackets.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM1.8656 against the D-mark, compared with DM1.8624 previously. The highest level touched during the morning was DM1.8675, but the U.S. currency then declined, despite the reduction in the U.S. trade deficit in February. The fall in the trade deficit to $1.3bn from $3.1bn in January was largely the result of the cut in oil imports following the situation in Iran. Sterling reacted favourably to the defeat of the Labour Government in the House of Commons, and was fixed at DM3.8310, compared with DM3.8250 on Wednesday.

TOKYO—The dollar rose sharply to close at Y208.80, compared with Y207.52½ on Wednesday.

THE DOLLAR SPOT AND FORWARD

March 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0500-2.0570	2.0550-2.0560	0.38-0.28c pm	1.98	[illegible] pm	2.49
Ireland†	2.0600-2.0570	2.0550-2.0580	0.38-0.28c pm	1.92	0.80-0.70 pm	1.46
Canada†	86.06-86.09	86.08-86.09	0.05-0.04c pm	0.70	0.14-0.11 pm	0.58
Nethlnd.	2.0120-2.0140	2.0130-2.0140	0.84-0.14c pm	3.92	1.36-1.26 pm	3.65
Belgium	29.47½-29.53½	29.52-29.53½	8-7c pm	3.05	28-20 pm	3.28
Denmark	5.1840-5.1940	5.1925-5.1940	0.40ore pm-0.10dis	0.35	0.30-0.80dis	−0.42
W. Ger.	1.8647-1.8675	1.8665-1.8625	0.90-0.85pf pm	5.72	2.58-2.47 pm	5.42
Portugal	48.18-48.30	48.20-48.30	35-60c dis	−10.37	100-185dis	−10.89
Spain	68.85-68.91	68.85-68.90	2c pm-8c dis	−0.70	12-22 dis	−0.99
Italy	839.25-840.00	839.50-840.00	0.60-0.90lire dis	−1.07	1.80-2.10dis	−0.88
Norway	5.1070-5.1100	5.1070-5.1080	0.80-0.30ore pm	1.29	2.15-1.65 pm	1.49
France	4.2910-4.2965	4.2950-4.2965	0.95-0.85c pm	2.51	2.40-2.46 pm	2.26
Sweden	4.3670-4.3710	4.3700-4.3710	0.70-0.50ore pm	1.65	2.10-1.90 pm	1.83
Japan	208.20-209.06	208.20-208.40	0.85-0.78y pm	4.61	2.60-2.90 pm	4.90
Austria	13.67½-13.68¾	13.69¼-13.69¾	6¼-6gro pm	5.39	19½-17½ pm	5.46
Switz.	1.6880-1.6905	1.6895-1.6905	1.45-1.35c pm	9.95	4.22-4.12 pm	9.87

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0500-2.0570	2.0550-2.0560	0.38-0.28c pm	1.93	0.80-0.70 pm	1.48
Canada	2.3810-2.3830	2.3810-2.3820	0.30-0.20c pm	1.25	0.60-0.50 pm	0.92
Nethlnd.	4.12-4.15	4.13½-4.14½	2¼-1¼c pm	5.07	6¼-5¼ pm	4.95
Belgium	60.40-60.80	60.65-60.75	30-20 pm	4.94	75-65 pm	4.61
Denmark	10.63-10.68	10.67-10.68	2½-½ore pm	1.69	3¼-1¼ pm	0.84
W. Ger.	3.82-3.85	3.83½-3.84½	2⅞-1⅞pf pm	6.37	7½-6½ pm	5.90
Portugal	98.50-99.40	99.05-99.35	50-110c dis	−9.68	120-250 dis	−7.46
Spain	141.10-141.50	141.40-141.60	35c pm-15c dis	−2.12	50 pm-50 dis	par
Italy	1,722-1,728	1,725-1,726	1½lire pm-½lire dis	0.34	2½-½ pm	0.41
Norway	10.47-10.51	10.49½-10.50½	3¼-1¾ore pm	3.14	8½-6½ pm	2.88
France	8.80-8.84	8.82¾-8.83¾	3¾-2¾c pm	4.41	9¼-8¼ pm	3.96
Sweden	8.96½-8.99	8.97¾-8.98¾	2¼-¼ore pm	1.87	8-6 pm	3.11
Japan	426-430	427½-428½	2.65-2.10y pm	6.61	7.25-6.70 pm	6.47
Austria	28.00-28.20	28.13-28.18	22-12gro pm	7.26	53-43 pm	6.82
Switz.	3.45-3.48½	3.47-3.48	3¼-2¼ pm	11.22	10½-9½ pm	11.08

Belgium rate is for convertible francs. Financial franc 61.50-61.60. Six-month forward dollar 1.00-0.90c pm; 12-month 1.95-1.85c pm.

CURRENCY RATES

March 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	13	0.627160	0.659316
U.S. $	9½	1.28781	1.35417
Canadian $	11¼	1.49927	1.58099
Austria Sch.	3¾	17.5915	18.5047
Belgian F.	6	37.8938	39.8294
Danish K.	8	6.67345	7.01053
D mark	3	2.39842	2.51943
Guilder	6½	2.58850	2.72052
French Fr.	9½	5.52342	5.80592
Lira	10½	1079.51	1134.79
Yen	3½	266.577	281.396
Nrwgn. K.	7	6.57298	6.90490
Spanish Pes.	8	88.6657	93.1870
Swedish Kr.	6½	5.61678	5.90349
Swiss Fr.	1	2.16841	2.27717

CURRENCY MOVEMENTS

Mar. 29	Bank of England Index	Morgan Guaranty changes %
Sterling	65.7	−38.5
U.S. dollar	84.8	−8.6
Canadian dollar	81.1	−16.5
Austrian schilling	146.8	+19.5
Belgian franc	114.3	+14.4
Danish kroner	118.0	+6.9
Deutsche Mark	160.1	+41.6
Swiss franc	194.2	+81.3
Guilder	128.1	+20.5
French franc	99.3	−6.3
Lira	54.5	−49.1
Yen	135.5	+37.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Mar. 29	£	$		£ Note Rates
Argentina Peso	2355-2375	1146-1155	Austria	27½-28½
Australia Dollar	1.8340-1.8380	0.8922-0.8942	Belgium	80¼-81¼
Brazil Cruzeiro	46.83-47.83	22.78-23.27	Denmark	10.55-10.65
Finland Markka	8.17-8.178	3.9747-3.9771	France	8.75-8.85
Greek Drachma	74.410-76.218	36.20-37.08	Germany	3.78-3.88
Hong Kong Dollar	10.165-10.18	4.9450-4.9525	Italy	1,695-1,735
Iran Rial	146.0-156.0	72-75	Japan	420-435
Kuwait Dinar (KD)	0.561-0.571	0.2739-0.2780	Netherlands	4.07-4.17
Luxembourg Frc.	60.65-60.75	29.53-29.55	Norway	10.41-10.51
Malaysia Dollar	4.515-4.530	2.1965-2.2040	Portugal	94-100
New Zealand Dlr.	1.9430-1.9490	0.9450-0.9460	Spain	139.5-144.5
Saudi Arab. Riyal	6.84-6.94	3.3275-3.3765	Switzerland	3.40-3.50
Singapore Dollar	4.4725-4.4825	2.1760-2.1807	United States	2.0500-2.0600
Sth. African Rand	1.73-1.74	0.8415-0.8465	Yugoslavia	39.5-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Mar. 29	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.056	3.840	428.3	8.833	3.475	4.140	1726.	2.392	60.70
U.S. Dollar	0.486	1.	1.868	208.3	4.297	1.691	2.014	839.5	1.163	29.53
Deutschemark	0.260	0.535	1.	111.5	2.300	0.905	1.078	449.3	0.623	15.81
Japanese Yen 1,000	2.335	4.800	8.967	1000.	20.62	8.114	9.667	4029.	5.584	141.7
French Franc 10	1.132	2.327	4.348	484.9	10.	3.934	4.687	1954.	2.708	68.72
Swiss Franc	0.288	0.592	1.105	123.2	2.542	1.	1.191	496.5	0.689	17.47
Dutch Guilder	0.242	0.496	0.928	103.4	2.133	0.839	1.	416.9	0.578	14.66
Italian Lira 1,000	0.580	1.191	2.225	248.2	5.118	2.014	2.398	1000.	1.385	35.15
Canadian Dollar	0.418	0.860	1.605	179.1	3.692	1.453	1.731	721.5	1.	25.38
Belgian Franc 100	1.647	3.386	6.328	705.6	14.55	5.725	6.820	2843.	3.940	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.15-10.25 per cent; three months 10.40-10.30 per cent; six months 10.65-10.55 per cent; one year 10.55-10.45 per cent.

Mar. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12¾-13	10⅛-10⅜	9-10	6¾-7	⅛-¼	4⅝-4⅞	6⅝-6⅞	7-10	—	3¼-3¾
7 day's notice	12⅞-13⅛	10¼-10½	9-10	6⅜-6⅝	⅛-¼	4⅜-4⅝	7-7¼	10-11	10¼-10½	4¼-4¾
Month	12⅝-12⅞	10¼-10½	10⅞-11¼	6⅛-6⅜	¼-⅜	4⅜-4⅝	7⅛-7⅜	10½-11½	10⅜-10½	5⅛-5⅜
Three months	12⅛-12⅜	10⅜-10⅝	10⅞-11¼	6⅝-6⅞	⅜-½	4⅞-5	8-8¼	11-12	10½-10⅝	5⅛-5⅜
Six months	11⅞-12⅛	10⅝-10⅞	10⅞-11⅛	6¾-7	¾-⅞	5¼-5⅜	8¼-8½	11½-12½	10¾-10⅞	5⅛-5⅜
One year	11¾-12	10½-10¾	10¾-11⅛	7-7¼	1⅜-1⅝	5⅜-5⅝	9⅛-9⅜	12-13	10⅜-10⅝	5⅜-5⅝

Long-term Eurodollar deposits: two years 10⅝-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10-10⅜ per cent; five years 10-10⅜ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Rise in German discount rate

Germany's two key lending rates were increased yesterday by 1 per cent each to 4 per cent for the discount rate and 5 per cent for the lombard rate, effective from today. The likelihood of an increase became apparent when the Bundesbank announced its intention to hold a Press conference after yesterday's regular fortnightly central council meeting. Market sources had previously hinted towards a rise of ½ per cent, and the 1 per cent rise came as something of a surprise. At the same time the council also decided to increase the ceiling on banks' rediscount volume by DM5bn to DM27bn. This was designed to compensate banks for the recent reduction in liquidity due to foreign exchange outflows. This could also minimise the need for banks to borrow from the Bundesbank under the lombard rate facility.

In the interbank market, call money eased to 4.20-4.30 per cent from 4.40-4.45 per cent on Wednesday, and one-month money was quoted at 4.50-4.60 per cent against 4.50-4.55 per cent. The spread on the three-month rate widened to 4.60-4.80 per cent from 4.65-4.75 per cent while six-month money rose to 5.00-5.20 per cent from 4.90-5.00 per cent. 12-month money stood at 5.20-5.30 per cent, unchanged from previously.

BRUSSELS — Deposit rates for the Belgian franc showed an easier trend yesterday with one-month deposits at 7½-7¾ per cent compared with 7¹¹⁄₁₆-7¹⁵⁄₁₆ per cent on Wednesday, while three-month deposits were unchanged at 7⅝-7⅞ per cent. The six-month rate fell to 7¾-8 per cent from 7¹³⁄₁₆-8¹⁄₁₆ per cent and 12-month deposits were also easier at 8¹⁄₁₆-8⁵⁄₁₆ per cent against 8⅛-8⅜ per cent previously.

PARIS — Interest rates remained steady yesterday and the French authorities bought FFr4bn of first category paper from the market at an unchanged rate of 6¾ per cent. Day-to-day money was also at 6¾ per cent, up from Wednesday's level of 6⅝ per cent. One-month money remained at 6¾-6⅞ per cent while the three-month rate eased to 6⅞-7 per cent from 7-7⅛ per cent. Six- and 12-month money rates were both unchanged at 7¼-7⅜ per cent and 7¹¹⁄₁₆-7¹³⁄₁₆ per cent respectively.

AMSTERDAM — Interbank money rates were unchanged throughout, with call money at 7-7¼ per cent through to six-month money at 7½-7¾ per cent.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 13 per cent (Since March 1, 1979)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a large amount of Treasury bills and a small number of local authority bills, all direct from the discount houses. The total help was termed as large. Discount houses were paying 12½-12¾ per cent for secured call loans at the start and rates touched 13 per cent during the day before closing balances were taken at 12½-12¾ per cent.

The market was faced with the unwinding of a very large amount of bills on a sale and repurchase agreement, and the repayment of a moderate amount of seven-day loans. On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a fairly large amount and banks brought forward balances a small way above target. There was also a small decrease in the note circulation.

In the interbank market overnight loans opened at 12¾-13 per cent and traded at that level until around 3 p.m. when rates increased to 14-14½ per cent. Conditions then eased briefly and rates fell to 10-12 per cent at one point before rising again at the close to 13 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 29 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-14½	—	—	—	—	12½-13	—	—	—
2 days notice	—	—	13-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13	12¾	—	13¼	—	—	—	—	—
One month	12¾-12⅝	12⅝-12¾	12¼-12⅜	12¼-12⅜	13¼	13¼	12⅝-12¾	—	—	—
Two months	12⅛-12⅜	12³⁄₁₆-12⁷⁄₁₆	—	12-12⅜	12⅞	13⅛	12¼	11⅞	12¹³⁄₁₆-12⅞	13¼
Three months	12¼-12⅛	12⅛-12¼	11⅞	11⅝-12	12½	—	12	11¼	12⅛	12¾
Six months	11⅝ 11¼	11⅜-11½	11⅝	10⅝-11⅛	12	12¾	11½	11⅛	12⅛	12⅛
Nine months	11⅛-11⅜	11⅛-11⅜	—	10⅞-11¼	11¾	—	—	—	10⅞-11	12
One year	11⅛-10⅞	10¹⁵⁄₁₆-11⅛	12-12⅛	11-11⅜	11¾	—	—	—	—	—
Two years	—	—	12-12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. • Long-term local authority mortgage rates nominally three years 12-12¼ per cent; four years 12¼-12¼ per cent; five years 12½-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞ per cent; four-month trade bills 12½ per cent.

Approximate selling rates for one-month Treasury bills 11⁵⁄₃₂-11⁷⁄₃₂ per cent; two-month 11¼-11⁹⁄₃₂ per cent; three months 11⁵⁄₃₂ per cent. Approximate selling rate for one-month bank bills 12⅝-12¾ per cent; two-month 12⁵⁄₁₆ per cent; and three-month 11¹⁵⁄₁₆ per cent; one-month trade bills 13⅜ per cent; two-month 12⅞ per cent; and three-month 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 11.0702 per cent.

GOLD

Weaker tendency

Gold fell $3¼ to close at $241-$241¼. It opened at $241⅞-242⅜, and was fixed at $241.60 in the morning and $241.50 in the afternoon. The krugerrand's premium over its gold content widened to 3.97 per cent from 3.12 per cent for domestic delivery, and to 2.85 per cent from 2.61 per cent in the international market.

	Mar. 29	Mar. 28
Gold Bullion (fine ounce)		
Close	$241-241¼	$244½-245
	(£117.3-117.5)	(£120.0-120.3)
Opening	$241⅞-242⅜	$243¼-244
	(£117.7-118.1)	(£118.4-118.8)
Morning fixing	$241.60	$245.75
	(£117.599)	(£118.656)
Afternoon fixing	$241.50	$244.40
	(£117.584)	(£119.045)
Gold Coins, domestically		
Krugerrand	$261-265	$262½-266½
	(£127-129)	(£128-130)
New Sovereigns	$68¼-70¼	$68¾-69¾
	(£33½-34½)	(£33½-34½)
Old Sovereigns	$74¾-76¾	$76¾-77¾
	(£36½-37½)	(£37-38)
Gold Coins, internationally		
Krugerrand	$247½-249½	$250-252
	(£120½-121½)	(£122-123)
New Sovereigns	$62½-64½	$63¼-65¼
	(£30½-31½)	(£30½-31½)
Old Sovereigns	$74¾-76¾	$75¾-77¾
	(£36½-37½)	(£37-38)
$20 Eagles	$314-319	$317-322
$10 Eagles	$172-177	$168-173
$5 Eagles	$120-125	$119-124

In Frankfurt the 12½ kilo gold bar was fixed at DM 14,490 per kilo ($241.60 per ounce), compared with DM 14,635 ($244.45) previously.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10
Treasury Bills (13-week)	9.41
Treasury Bills (26-week)	9.38

GERMANY

Discount Rate	4
Overnight Rate	4.25
One month	4.55
Three months	4.70
Six months	5.10

FRANCE

Discount Rate	9.5
Overnight Rate	6.75
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

FINANCIAL TIMES SURVEY
Friday March 30 1979

Multi-Bank Consortia

The consortium banks, particularly those concentrating their efforts in specific industries or geographical areas, have come through a difficult year in good style. Despite some doubts about their long-term validity, they clearly play a useful part at present in the machinery of international finance.

Vorld ole emains ound

John Evans

E TOUGH competition for iness in the international ital and money markets in 3 has marked the second ight year of difficult condi- s for the Eurocurrency ks.

his group, typified perhaps the consortum bank, can more vulnerable than most such vicious cycles for lers in the international kets, when a seemingly ever-easing number of banking itutions is seeking to cap- the available business.

/hile some of these multi-k groups have found it a rious task to increase earn- in the past year, the share-ing banks must be relieved ind that many of the con-a have performed so profit-

Some specialist banks, such as European Brazilian and Libra, have boosted 1978 pre-tax profits by over 50 per cent. Other consortia, which do not rely on the traditionally high-margin business available in Latin America, have performed equally as well.

While the debate still continues over the real role of a consortium bank, in a fluid-and changing environment in the Euromarkets, a key test for many parent banks must be whether their consortia offshoots generate good profits while at the same time originating transactions.

The Eurocurrency system last year, in the words of some bankers, became to an even larger extent a "borrower's market."

Orion Bank's chairman, Mr. David Montagu, has pointed out that the liquidity in the Euromarkets last year, which supported some $70bn of syndicated credits, arose partly because of the differential rate of build-up of reserves in the Western world, with a balance of payments deficit in the U.S. countered by surpluses in Japan, Western Germany and elsewhere.

Major banks have been willing providers of funds, given the large increase in domestic liquidity in several major industrial countries and the relatively slack domestic credit demand.

In addition, currency upheavals meant that the dollar experienced a declining role in some sectors of the international markets, predominantly bonds.

Mr. Montagu comments: "In the bond markets the problems of the dollar led to a reduction in the volume of dollar-denominated issues, particularly fixed rate issues . . . but with a large increase in the number of bonds denominated in Deutsche Marks, Swiss francs and yen."

Cut

At the same time the depreciation of the dollar in relation to the pound has cut into the London-based consortium banks' profitability, when translated into sterling. Orion, for instance, calculates its 1978 profits would have been 19 per cent higher if sterling/dollar parity levels had remained stable.

With a background of such difficult markets, some City critics reckon the original rationale behind the formation of many multi-banking groups nowadays looks increasingly obsolete, particularly when the big parent banks are so obviously pitched in competition with each other.

This is a harsh view. It should not be forgotten that the original concept of banks joining together in such joint ventures *marked a response to a* real need, particularly in the early period of growth in the Euromarkets. A consortium bank based in London was able to carry out a wide range of activities which its parents could not undertake, or hesitated to engage in because of the cost of setting up an individual banking entity.

It is difficult to calculate the value the banks have gained from their consortium bank ventures. For many of the large U.S. and European houses such routes into the international markets have been an extremely useful way of gaining experience in the Euromarkets.

It is still true also that smaller banks around the world, from the U.S. regional banks to the new breed of Arab commercial institutions, find their shareholdings in consortium banks a highly satisfactory way of participating in international markets.

Nonetheless, many bankers feel that the single greatest challenge the consortium banks face is that represented by the desire of a growing number of the parent banks to develop their own international business. Many of the shareholding banks have evolved well past the stage where their interests in the consortia gave them their predominant foothold in key sectors of international markets.

These changing fortunes in international banking mean that the shareholding banks have increasingly been drawn into competition with their consortium *offshoots in lending* and other areas of business.

As part of what some observers have termed the consortium banks' "strategies for survival" to take them into the 1980s they have diversified away from a concentration on medium-term lending into more specialised services.

The consortia have sought to foster investment banking and advisory activities—a reflection of a common theme in international banking where the development of income from fee business has been a priority at a time of declining returns on straight lending.

Recent developments have seen some of the consortia expanding in size to the point where they rank with the larger of the established British merchant banks — an illustration of the joint-venture banks' ability to compete in the investment banking field.

Nordic Bank, for instance, following its increased shareholding in Nordfinanz-Bank, Zurich, last year, now boasts total assets of more than £1bn — putting it among the largest of the London consortia.

It is perhaps no coincidence that the other bank dealing with Northern Europe, Scandinavian Bank, also has a balance sheet in excess of £1bn.

Both banks' parent shareholders in Scandinavia do not have the international networks of the size developed by other major European banks, and the two consortia are clearly a key element in their shareholders' international aspirations.

But even such moves into general investment business as a diversification from established operations have not been without a new set of obstacles. Certain of the consortia have run up against the basic problem of duplicating business already being carried out by the parent banks, or business which the parents aimed to cultivate in their own right.

The American banking community has probably displayed the greatest retrenchment regarding consortium relationships.

While the number of consortia seems to have stabilised after the shake-out and contraction in this sector of the banking industry in the past couple of years, the most celebrated case of disappearance of a leading name concerns that of London Multinational Bank.

Despite the fact that London Multinational had a reputation for being skilfully run, Chemical Bank, which had a shareholding along with Credit Suisse, Baring Brothers and Northern Trust of Chicago, decided to relaunch the bank as its merchant banking arm under the title Chemical Bank International.

Stake

Recent months have also seen further demonstrations of the ambitions the U.S. banks hold in the investment banking and international bond fields. The consortia with similar plans in these areas must clearly take into account the dangers of hampering their own parent banks' aspirations.

While the consortium banks concede that they face these and other obstacles, they nevertheless believe that the multi-banking formula can be ultimately a very flexible method for meeting changing conditions in the world banking industry, and such joint-banking ventures can respond swiftly to subtle changes in the market environment.

One of the most intriguing of recent developments in the industry was the Mexican Government's acquisition of a stake of 26 per cent in International Mexican Bank (Intermex).

Mexico now outranks any of the other commercial banking shareholders in Intermex, and there is a *suspicion* in City markets that in the long term the bank could well become a route through which surplus oil funds, stemming from Mexico's development as an oil-exporter, could be invested.

Last year also demonstrated the positive as well as the negative aspects of geographic specialisation among the consortia.

*The profits of banks concen*trating on Latin America continued to show strong expansion, reflecting the fact that the region continues to yield relatively high margin business in syndicated loans and other related transactions, particularly when returns in the industrialised world are slipping to rock-bottom levels.

But on the other side of the coin *there could have been few* consortium bankers so worried as the top management at Iran Overseas Investment Bank (Iraninvest), as the revolution eventually toppled the Shah and the country's economy virtually collapsed.

It now seems that Iran is intent on honouring its international obligations, including the big Eurocurrency syndicated loans undertaken by the Iranian Government in recent years, and fears of an outright default by the new powers in Tehran are now fading. None the less, Iraninvest's exposure in terms of syndicated credits to Iran left the bank in what could have been a very vulnerable position.

For the future, the consortium banks will have to face *the challenge of swift changes* in the international banking industry. This could well include further contraction in certain areas of consortia banking.

But it would be a mistake to suggest that the basic formula is no longer relevant to today's increasingly cross-frontier banking.

The emerging world of Arab commercial banking is relying *heavily on the multi-banking* idea for much of its expansion and experience in the international arena, and some of the most aggressive of the Arab banks are based on such joint ventures.

In fact, it is ironic that the new Arab banking groups have played a contributing role in the past year in increasing competition in the international *banking markets.*

In the words of Orion's Mr. Montague, one reason for the expansion in international liquidity "has been the formation of new banks in the Middle East and elsewhere whose balance sheets have been undergeared and whose development has required an expansion of their loan assets."

MULTI-BANK CONSORTIA II

London-based groups

IT IS now 15 years since the first of the London consortium banks—Midland and International Banks (Maibl)—was established. In that time a lot has happened.

From being just a fringe capital market, the Euromarkets have grown into one of the largest capital markets in the world—second only to New York in size. Whereas in the early 1960s international bankers were rather unsure of the potential of the Euromarkets and were only prepared to become involved, initially, via jointly owned consortium banks, almost every major bank is now directly involved in the market. In the space of just 15 years the original rationale for banks such as Orion, Maibl and International Commercial Bank has virtually disappeared. Some of the pioneer names such as London Multinational Bank, Western American Bank and Brown Harriman and International Banks, have also been abandoned. Every one agrees it was an international banking experiment which did not work out in some cases.

On the more positive side, however, in the space of a decade the consortium banking concept has spawned a handful of powerful international merchant banks which now tower over most of the older established European merchant banks. Famous merchant banks such as Rothschilds, Lazards and Schroders still capture the headlines, but in terms of the Euromarkets, for example, they are nowhere near as important as Orion and the European Banking Company—both of which rank among the top ten issuing houses in the international bond market. Only S. G. Warburg rivals them. It is fair to say that whereas the old London merchant banks used to be major forces in international banking their place has now been partly taken by a handful of London-based consortium banks.

In assessing the contribution of the consortium banks in the development of international banking it is easy to overemphasise the mistakes and neglect the positive aspects. The problems of banks such as Western American and Italian International Bank, that wanted to go somewhere in a hurry, have had more than their fair share of attention.

It is less easy to measure the beneficial contribution of the quiet and solid consortium banks which shun the limelight. However, in judging individual performances one should remember that the consortium banks have been caught up in one of the greatest ever banking revolutions. From being domestic institutions, almost every major bank in the world has transformed itself into a fully fledged international bank over the past ten years. This means that the initial objectives of most consortium banks have had to be radically altered to fit into the new environment.

Stolen

To understand the consortium banks' progress to date properly, it is necessary to remember that they have faced similar problems to those of a British industrial company that suddenly finds its captive market stolen by much more powerful foreign competitors who are in many cases its own shareholders.

It is not an enviable prospect and it is to the credit of the majority of the London consortium banks that they have been able to adapt and fashion out a new niche for themselves. Of course, there are still a few small banks around such as London Interstate and Atlantic International, and even one or two large ones such as Maibl, which do not seem to be doing anything very special. But against this there are a number of banks which have made a name for themselves in a short space of time. Libra Bank and Eurobraz, for example, now compete on a par with international giants such as Chase Manhattan and Deutsche Bank in their particular markets.

It is possible to define five broad categories of London consortium banks although there is some overlap. The first category, already mentioned, was the general purpose medium-term Eurocurrency vehicles of which Maibl was the first example. The bulk of these were established in the late 1960s. The biggest by far is Orion Bank which has established itself independently of its shareholders. Whatever happens to other consortium banks Orion Bank should be able to originate enough new business of its own to survive. Others, such as International Commercial Bank, still stick to medium-term lending but are comparatively profitable.

Perhaps the most interesting example of a multi-purpose consortium bank is the European Banking Company. It was the last of its type to be established (it is ten years younger than Maibl, for example) and went into business at a time when bankers were having reservations about the usefulness of this type of vehicle for shareholder banks already active in the Euromarkets. In many ways EBC is best compared with Orion, although it is three times as small in terms of assets. EBC likes to think of itself as similar to the investment banking side of Orion—the latter's financial muscle is matched by EBC's sister institution in Brussels, Banque Europeene de Credit. Indeed, a good case could be made for merging both institutions, since the resultant group would tower above Orion Bank.

Expert

EBC does not see itself as a bank chasing after balance of payment loans or sovereign risks. Rather it likes to think of itself as an international merchant bank which provides expert advice on tricky international financing deals.

In terms of profitability it is among the upper echelons of consortium banks but it is still too early to assess its long-term viability. It has a high-powered management team that tries to do things better than its shareholders. To this end it has shied away from specialising in any one particular area—its brief is very wide. However, it has realised that it cannot rely on fee income alone and so has built up a profitable foreign exchange business which along with its growing medium-term lending should provide a relatively stable source of future revenues.

Even so it is not immediately obvious why EBC should be any better than Morgan Guaranty or Citibank's international merchant banking arm, for example, in putting together tricky deals. The onus is on EBC's management to prove that there is a need for its style of merchant bank. Unlike its bigger rivals it does not have a captive market which makes its task that more difficult. However, both EBC and Orion have proved that it is possible to originate new business on their own and as long as they continue to do this their future is assured.

The other four types of consortium banks can loosely be labelled as specialist consortium banks. The first examples of these were when shareholders from a particular region clubbed together to explore the Euromarkets. The earliest example was United Bank of Kuwait. There are a couple of Japanese consortium banks and a couple of Scandinavian banks. The latter seem to have found a role for themselves after a certain amount of trial and error while the former no longer have much rationale. This type of bank works well when it is used as a vehicle for shareholders' international banking aspirations. But as the Japanese banks and Italian International Bank discovered there are sometimes disadvantages in drawing all one's shareholders from a particular country.

The most successful consortium banks to date have been those that have had a well defined specialist brief. Libra, Eurobraz, Eulabank and Intermex are the most obvious examples. By concentrating a small team of high-powered bankers on lending to a particular region these banks have made a lot of money and a big reputation for themselves. However, these banks have to prove themselves over the long term. There have been specialist consortium banks before that disappeared into the mists of time when their speciality became obsolete.

If a bank is to survive over the long term it needs to be able to adapt and while the short-term profitability may be impressive these are not always the banks that will be around in 50 years time. Fashions change and bankers are more fashion-concious that most.

William Hall

Mexican and Nordic ventures

TWO OF the most significant changes in the past year among the London-based consortium groupings have concerned International Mexican Bank and Nordic Bank. In both cases the banks have emerged in a considerably reinforced form, whether in terms of capital or the strength of the backing shareholders, and are considered to be among the most interesting prospects among the multi-banks.

The decision of the Mexican Government to acquire a 26 per cent shareholding in International Mexican Bank has aroused wide interest in the international banking community, not least because of the transformation in Mexico's economic outlook in the wake of the large oil discoveries.

There is little doubt that Intermex is likely to emerge as a vehicle through which surplus revenues from Mexican oil will be channelled into the international capital and investment markets.

But this is a long-term prospect. The speed with which Mexico will emerge as a major oil-exporter is still uncertain, particularly in view of the troubled relations with the U.S. on the subject of Mexico's energy resources.

Intermex meanwhile will remain as an important bank for orchestrating the international capital for Mexico's economic development particularly in the energy sectors. Last year, Mexico and Brazil accounted for nearly half of the total $26.8bn of Eurocurrency bank loans raised by developing countries.

Indeed one of the early results of the new shareholding arrangements is likely to be a move by Intermex into the international bond markets. It plans to develop a trading capacity in the extensive range of bonds and securities which Mexico has floated around the world. Intermex's emergence as a "market-maker" in Mexican securities should take place before the end of this year.

Ties

Announcing the stake in Intermex, Mexico's Finance Minister, Sr. David Ibarra, said last November: "In this way our ties with the domestic and foreign banking community are strengthened through a joint venture whose operations will be conducted from abroad for our mutual benefit. These are the first steps in a development which will lead our country to a more effective presence in the international money and capital markets."

The new shareholdings have been taken by the Mexican development bank, Nacional Financiera, and the foreign trade bank, Banco Nacional de Comercio Exterior. Both own a 13 per cent interest in Intermex Holding SA, a Luxembourg holding company with a paid-up capital of $26.2m.

The existing commercial bank shareholders have reshuffled their interests, leaving Banco Nacional de Mexico with 25 per cent, Bank of America 20 per cent, Union Bank of Switzerland and Deutsche Bank with 12 per cent each and the Dai-Ichi Kangyo Bank of Japan with 5 per cent.

Some London observers have drawn tentative parallels between developments at Intermex and those at Saudi International Bank, the consortium grouping controlled by the Saudi Arabian Monetary Agency, as examples of two specific London-based "oil" banks.

However, Saudi International was not established as a specific route for official Saudi surplus oil funds. In fact it is at present developing international investment services designed for the needs of the private Saudi investor rather than the Saudi Government.

Meanwhile, Intermex, which reached its fifth accounting year in 1978, has expanded its international loan portfolio to $330m from a 1974 figure of $25m. Pre-tax operating profits over the same period have risen to $6.15m from $132,000. Post-tax return on average assets reached 1.12 per cent last year compared with 0.03 per cent in 1974.

For Nordic Bank, the highlight of the year was its acquisition of a further 53.8 per cent of the share capital of Nordfinanz-Bank, Zurich, bringing Nordic's total holding to 60 per cent. The additional shareholding was transferred from Nordfinanz's four parent banks (also the same shareholders as in Nordic), in exchange for an issue of new shares in Nordic.

The outcome has been the creation of a very large consortium banking group with capital funds of £96m and total assets of £1.07bn. As such, it is now the biggest of the London consortia in terms of capital.

Nordic now easily ranks with some of the largest of the "blue-blood" British merchant banks, and it is no coincidence that this consortium grouping now likes to style itself as an "international merchant bank. . . ."

Some banking analysts believe that the Scandinavian-orientated consortia — Nordic, Scandinavian Bank and United International Bank — have particularly bright prospects, at a time when the more generally based consortia are finding the going tough.

The Nordic area is increasingly turning into a net importer of capital and Denmark, Norway, Sweden and Finland are fairly regular (and prestigious) borrowers on the international money markets.

But these three multi-banks have not been subject to quite the same pressures from parent banks as some other consortia, reflecting the fact that the three do not have shareholders with the extensive international networks of the size developed by other major European banks. This implies that the parents must continue to rely on the consortium concept for much of their representation in the international markets.

Nordic, Scandinavian Bank and United International recently shared the management of a $250m syndicated loan for the Kingdom of Denmark—a significant breakthrough in their penetration of the Eurocurrency loans sector in Scandinavia.

For Nordic itself, the consolidation with Nordfinanz has produced a valuable "windfall" in terms of sterling, which it can now employ in medium-term lending operations in the UK. The bank has already made some gains in this area, and managed a £20m medium-term loan syndication for the Agricultural Mortgage Corporation last August.

The increased shareholding in Nordfinanz, through an issue of new Nordic capital in sterling to its shareholders, meant the London-based bank in turn received Swiss franc assets in the form of Nordfinanz shares. This created an un-matched foreign exchange position for Nordic, which covered itself with Swiss borrowings totalling SwFr85m.

The proceeds of these borrowings were converted into sterling, and substantially increased Nordic's lending ability as part of the British side of its operations.

John Evans

Big presence in Europe

THE NATURAL home of the consortium bank is the City of London. The multinational or consortium offshoots of the world's major banks have sprung up in just about every financial centre, but by far the largest single collection of them is to be found in London. Geographical concentration on this scale should not be allowed to overshadow the fact that there are some very major consortium banks based outside this country.

There are in fact something like 25 recognised consortium banks dotted throughout the Continental mainland, including the largest of them all Union de Banques Arabes et Francaises (UBAF). Paris houses some half-a-dozen such banks boasting assets well in excess of $1bn, while Brussels and Luxembourg are also important locations. The City of London stands head and shoulders above the field in terms of actual numbers. But in their own right the Continental banks are a major as well as creative force.

Among them, UBAF is perhaps an unusual animal in that it could be described as a consortium bank running a stable of consortium banks. The main parent bank is based in Paris and at the end of 1977 assets topped $3bn, a figure that could be shown closer to $4bn when the 1978 accounts are eventually published. UBAF's shareholders include some 26 Arab banks plus a number of leading French institutions, notably Credit Lyonnais.

In turn, the Paris parent bank has a half share in UBAF Bank, a London consortium set up in 1972 (Midland Bank has a 25 per cent stake in this company) and also a 12 per cent shareholding UBAF Arab American Bank which was formed, again with other Arab-based banks as well as U.S. institutions, in 1976. Other major consortium offshoots include operations in Rome, Luxembourg and Hong Kong.

The other major Parisian bank with Arab connections is the Banque Franco-Arabe et Internationale d'Investissements (BAII) which has long claimed to be the leading Arab international bank, at least in terms of business handled in the international capital markets. In contrast UBAF has always described itself as a commercial bank. Certainly the special character of UBAF London is its concern with commercial banking, which partly results from being formed prior to the "oil crisis" and the full inflow of Arab wealth.

Rapidly

Arab institutions in Europe handle only a minimal amount of the surplus funds generated by the Middle Eastern oil producers and made available to Euro-money markets. But the "evolutionary processes" in this respect are moving rapidly, according to the BAII, which is a joint Arab-European bank. In contrast, Banque de la Societe Financiere Europeenne is owned wholly by European interests with one exception, Sumitomo Bank of Japan. The nine shareholders each have an 11.1 per cent stake.

Outside France, the consortium banking focus shifts naturally to Luxembourg and Brussels. The former can offer considerable tax advantages while the Belgian capital "is geographically ideal as the seat of the Common Market Commission and the European headquarters of a number of international industrial companies," to quote from the Banque Europeenne de Credit.

Luxembourg is the registered home of the bank of Credit and Commerce International (BCCI), the Pakistani-managed bank set up in the Gulf in 1972 under the aegis of Mr. Agha Hasan Abedi. Since the inception the bank has expanded rapidly, lifting total resources to $2.2bn by the end of 1977 and operating from some 150 branches across the world. BCCI is Arab controlled and its driving force has clearly been Arab wealth.

As Mr. Abedi points out: "I estimate that there is some $100bn of Gulf money invested or deposited throughout the Western banking system. If BCCI can mobilise just 1 per cent or 2 per cent of that money it has a substantial business."

Effectively the bank's head office is in London, and in fact it now has almost as many branches in the UK as in the Gulf. But expansion on this scale over a period of less than seven years, coupled with the bank's unique and, to the banking establishment, curious management style, has served to create conflict among some of BCCI's original shareholders. The Bank of America, having allowed its original 30 per cent shareholding to be diluted to 24 per cent through non-subscription of a share issue, is winding down its interest altogether over the next few years.

Formed some 12 years ago, the Banque Europeene de Credit of Brussels (BEC) has seven joint shareholders, all of them major commercial banks in Europe, including in the UK the Midland Bank. Despite "limited investment activity" by its European customers, BEC's balance sheet total emerged from 1978 some 6 per cent

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MULTI-BANK CONSORTIA III

Good profit showing

UALLY ALL the London- consortium banks with nber year-ends have now ted and the surprising about almost every per- ance is how well each in- ial bank has done, given dverse market conditions. of the top twenty con- m banks, not one reported ificant profit setback in its financial year. A few , including the market Orion Bank, reported profits but generally most showed a healthy increase nings.

ving aside special situa- such as Italian Inter- al Bank, which turned a f £8.9m in 1976-77 into a x profit of £1.1m in 1977- the aggregate profits of the 0 or so banks grew by ly a quarter last year. that their total footings by only 12 per cent this an impressive perform-

LEADING CONSORTIUM BANKS

	Assets £m	% Growth	Pre-tax Profits £m	% Growth	Profit-ability* %	Gearing†	Leverage†† %	Med. Term Loans††† %	Divi. Cover
Orion	1,115	8.8	10.1	—	0.73	18.5	16.2	54	10.4
Nordic	1,069	133.4	3.3	47.5	0.25	9.4	30.7	36	3.8
Scandinavian	1,026	20.4	8.3	13.9	0.45	14.0	47.3	33	2.6
Maibl	939	4.9	n.a.	n.a.	0.41	19.9	33.6	n.a.	2.3
ICB	506	3.7	6.7	11.0	0.62	7.4	66.3	41	4.4
Saudi	488	17.3	3.1	117.0	0.32	16.1	—	16	n.a.
UBAF	472	9.5	3.1	9.2	0.33	23.4	30.1	27	2.1
Libra	449	46.3	7.7	51.8	0.84	18.2	31.0	57	6.3
Assoc. Japan	439	1.9	3.2	3.3	0.32	16.8	53.3	37.6	4.1
UBK	401	—	1.3	−5.6	0.13	24.9	48.7	3	1.6
Eurobraz	387	18.7	5.5	71.9	0.65	16.1	25.3	60	—
JIB	383	—	3.2	3.6	0.38	17.6	24.5	43	2.7
EBC	309	−2.8	2.1	16.0	0.66	14.7	—	34	—
LCB	268	7.2	2.0	56.2	0.37	13.5	—	35	1.9
UIB	240	8.1	1.6	1.9	0.37	17.0	31.5	33	3.1

Source: Latest published balance sheets

* After tax return on average assets. † Deposits as a multiple of shareholders' funds including loan capital. †† Loan capital as a percentage of shareholders' funds. ††† As percentage of total assets.

h the bulk of their operat- osts denominated in ster- *ad most of their revenues* llars, the decline of the ican currency against ster- inderstates the underlying vement. Orion Bank, for ole, reckoned that if ex- e rates had not moved, ofits would have risen by r cent rather than decline nally, as they did. Euro- Banking Company, which ed a sharp profit setback in has also calculated that its would have risen by 25 nt rather than 15 per cent, not been for the decline e dollar. Against a back- d of declining margins on "bread-and-butter" m-term lending business erce competition, the con- m banks have emerged the rigours of 1978 sur- gly well.

loubtedly, one of the is why the consortium performance looks so is because some banks are n a recovery track. The International Bank is the example. It ran up heavy a few years ago and its nolders had to pump in ra £10m of capital in 1977. is now bearing fruit and result of stringent cost-cutting and a complete overhaul of the management, IIB is once again starting to earn the sort of returns one would expect from a bank of its size.

Other banks have also had less publicised teething troubles. In the past London and Continental Bankers, Nordic Bank, Eurobraz, and the Bank of Tokyo and Detroit (under its previous guise of Western American Bank) are all benefiting from a certain amount of recovery potential. As a result their latest performances look a little more dazzling than those of their competitors which managed to miss their respective pitfalls in shipping and property loans, etc.

For the *general purpose* consortium banks which have been in business for some time the performance of Orion and United International Bank—both reported virtually unchanged profits — is a better guide to the underlying trend in profitability over the year. International Commercial Bank did slightly better. It pushed its profits up 11 per cent even though its medium-term loan portfolio shrank by over a tenth. Its performance underlines the dilemmas facing the kind of bank committed to the general medium-term lending market. Its highly profitable loans of the early 1970s are coming to an end and it is faced with accepting lower margin new business. So far it has managed to keep its profits moving ahead nicely. It must rank as one of the better managed consortium banks.

European Banking Company's 16 per cent profit improvement (it was considerably more at the attributable level due to accountancy changes) also looks to be above average for its type of bank. However, its 1978 pre-tax profits of £2.1m are still roughly £1m below the 1976 peak and it is significant that the bank ran down its liquidity and increased its medium-term lending by 25 per cent to bolster its profitability last year.

In addition, EBC has taken the rather surprising decision to stop paying a dividend—almost every other leading consortium bank pays one. EBC's explanation is that it wants to *ensure an "orderly build-up" of* shareholders' funds thus permitting the bank to expand its business base. Mr. William Slee, an executive director, says that the decision not to pay a dividend was "purely an exercise in logic and commonsense as opposed to being a measure of whether we have had a good or bad year or not." However, *most* consortium bank shareholders are not as philanthropic as EBC's shareholders, and the payment of a dividend should be regarded as a key indicator of the success of a consortium bank. After all, if shareholders are receiving a worthwhile return they will not hesitate to put up more capital if the consortium banks need it (a number are already doing so).

Aside from special situations, the consortium banks which showed the best profit performance in 1978 were the specialist consortium banks. Saudi International Bank, which is only just starting to make its presence felt, more than doubled its profits. Given that it is still making a below average return on both its average assets and shareholders funds it has plenty of catching up to do and the next few years should see a major surge in profits.

Once again it was the Latin American consortium banks which put up the most impressive performance. Eurobraz lifted its pre-tax profits by 72 per cent to £5.5m and Libra, which has an outstanding track record, pushed its profits up by 52 per cent to £7.7m. It is less than half the size of Nordic bank but is making more than twice as much money. However, one of the most impressive performances came from Eulabank, which was established a couple of years after Libra and Eurobraz, and is only five years old. Last year its return on average assets amounted to 0.97 per cent, against 0.84 per cent at Libra, 0.65 per cent at Eurobraz and 0.60 per cent at Intermex's London bank.

Eulabank, in common with its three competitors, has been helped tremendously by its specialisation in an area of re*latively high margin borrowers.* Its shareholder contacts have helped feed it with highly profitable business. However, the specialist banks no longer have this area all to themselves and almost every major bank is now pursuing high margin business in Eulabank's catchment area. Professor Alberto Ferrari, Eulabank's chairman, has said that because of the "substantial change in operating conditions," he expects a "slowing down" in the future earnings growth of the bank.

Whether the consortium banks will be able to maintain their surprisingly good recent *performance* in 1979 is anybody's guess. At least sterling should not prove such a problem in the current year. If the dollar recovers towards the end of the year as many observers still expect, then the consortium banks' 1979 profits could look good. In addition, any firming up of margins will help those banks that are dependent on run-of-the-mill Eurocurrency business.

After a certain amount of experimenting in the early 1970s the picture of where the consortium banks generate their profits is becoming clearer. As can be seen from *the latest figures, those banks* that are heavily dependent on medium-term Eurocurrency lending are having to be satisfied with sluggish profits growth.

For the specialist consortium banks their recent performance is impressive. But there is nothing new about the advantages of specialisation in banking. In the short term it is not too hard to produce above-average profitability. But it is over the longer term, say, 20 to 30 years, that a bank's performance should be judged.

William Hall

Wrangles over tax

AR ago it seemed possible 978 might see a conclu- o. the uncertainty which rrounded the taxation of aspects of consortium operating in London. The famous Marine Midland was then scheduled to go the General Tax Com- oners of the City of n in May, and a decision d likely by the end of the er.

case involves the London liary of the Marine Mid- Bank of New York, itself consortium bank, which pealing against an Inland ue tax assessment of n. The assessment con- Corporation Tax the Re- is seeking on the notional *s arising from an increase* e sterling value of foreign tments during recent years the pound has fallen ly—without allowing any for the corresponding nal loss arising on the lation of foreign currency wings into sterling.

the event things have not d out quite as might have expected. For a start, the hearing had to be post- d because of difficulty of ing timetables between the ers on both sides. This led Commissioners to take the ecedented step of announc- he reason for the delay in *atement to the Financial* s. The implication, it ed, was that the Commis- rs were only too aware of banking community's in- t in and significance to it e matter to be judged upon.

was not until last autumn the lawyers could find time ke on the case. The hear- lasted several days but it not until early this year the Commissioners' sion in principle was given favour of Marine Midland.

The decision was greeted with jubilation by the banking community but the big question on everyone's lips was whether the Revenue would appeal.

At first confusion reigned. A draft Marine Midland statement announcing the decision and the rationale behind it had to be cancelled when it appeared that the Inland Revenue did not entirely agree with what was being said. Then —despite initial indications by the Revenue that a decision as to whether the case would be appealed would have to be made within 30 days—it eventually became clear this was not so.

Ruling

What had apparently happened was that the Commissioners had simply given judgment *in principle* in favour of Marine Midland. It then remained for the two parties to agree detailed figures among themselves, which would then be submitted to the General Tax Commissioners for a final ruling in the case. Only when that final ruling is handed down does the 30-day period allowed for a decision as to appeal begin. At the time of writing, information from Marine Midland is that the detailed figures have been agreed and submitted to the Commissioners for the final judgment. *Last Wednesday* came the news that the Revenue was indeed to appeal.

This hardly seems like the most satisfactory way of running a tax system. But the matter may well have a long way yet to run. Bankers are already expressing their confidence — and fear — that the Revenue will appeal the Marine Midland decision. So the case could run for a few more years —and eventually end up in the House of Lords.

Several consortium and other banks have problems similar to those of Marine Midland; examples include London Multinational Bank, Bank of Tokyo and Detroit, UBAF Bank and Hambros. The problem arises from the fact that they have been operating partly through the use of so-called subordinated foreign currency—usually dollar *loans provided by their main* shareholders. This had the advantage that it provided the UK-based banks with a dollar lending base which could be reduced with little legal formality.

The banks then lent this dollar money out in the same *currency—thereby ensuring that* whatever happened to sterling—their borrowings and investments were matched. Unfortunately the same is not necessarily the case when it comes to taxation.

This is because there is a basic principle in British tax law and practice which says capital and revenue items are treated differently. The Inland Revenue's contention in the Marine Midland case is that currency gains on investments are of a revenue character and thereby taxable, while the losses on the borrowings are capital.

In relation to money obtained on loan, whether or not in foreign currency, the distinction *is essentially* between loans providing temporary financial assistance and loans which in effect add to the capital base of the business. But, as an Inland Revenue discussion paper issued in October 1976 explained, though the principle is clear, *the answer in any particular case* turns on its own facts and in practice the border line is often difficult to draw. "Some of the characteristics of borrowing on circulating capital account can be discerned from decided tax cases—loans for short and indefinite periods, loans taken as occasion requires and repaid as opportunity permits, interest calculated on a day-to-day basis. The use to which the money is put is a factor to be taken into consideration but it is not necessarily conclusive.

The principles apply to traders generally—whether to the bank which borrows foreign currency to finance its business operations in foreign currency or to the manufacturer who does the same. In addition, under the existing British tax code Capital Gains Tax does not apply to exchange profits and losses arising on currency borrowings (which are regarded as on capital account) because the tax is designed to apply to assets, not to liabilities.

All borrowings in foreign currency are affected by the same rules—consortium banks, merchant banks, North Sea oil companies and ordinary manufacturing businesses. The pressure for a change in the tax position built up in the latter part of 1975 and during the run-up to the 1976 budget. Recognising that there was a problem here, the Chancellor announced in his Budget statement that the Inland Revenue would be examining the area in consultation with those most affected to see whether "some acceptable scheme for the extension of tax relief can be devised." The outcome was, of course, the discussion paper referred to earlier—one of the first ever to be published by the British tax authorities.

Unfortunately, a year later, in his 1977 Budget statement, Mr. Denis Healey had this to say: "The arguments for general relief for exchange losses are finely balanced. There are major areas where the balance of argument would be against relief; in those areas there are real problems in distinguishing between different cases and in drawing lines between them. Moreover, although the recovery *of sterling has reduced* potential losses, the sums at stake are considerable. I have had to conclude that since this year there is an urgent need to concentrate on income tax reliefs. I cannot at the same time propose relief for exchange losses."

Opinions

Despite the Inland Revenue assessments all the banks had no difficulty in getting counsel's opinion that they do not have to pay over the disputed tax, *long before the Marine Midland* decision by the General Tax Commissioners. On the basis of these opinions the banks affected have not had to set up liabilities for the disputed tax in their accounts. Their auditors have accepted this, without qualification of the audit reports. What the banks have been doing, however, is to include fairly standardised *statements about the problem* in the notes to the accounts—some quantifying the amount of the disputed tax, others not.

The following note from the 1978 accounts of Bank of Tokyo and Detroit (International) is fairly typical: "The subordinated note loan of U.S. $20m which was repaid on January 30, 1978, was invested in foreign currency assets. The Inland Revenue are seeking to assess to tax the difference arising on translation of such foreign currency assets into sterling for balance-sheet purposes without allowing relief for the corresponding difference in the sterling equivalent of the subordinated loan. The bank does not accept the Inland Revenue's contention and is resisting such assessment. However, if the Inland Revenue's view were upheld, a liability for additional Corporation Tax of £965,000 would arise for which no provision has been made; former shareholders have undertaken to contribute proportionately to this liability should it arise."

There, little changed from a year ago, the matter rests. Marine Midland has been offered financial assistance by *other banks to fight the case as* far as the Lords if necessary. Up to now it has refused, but admits the matter will be reconsidered now that the Revenue has decided to appeal.

Michael Lafferty

Europe

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ier at BFr 90.7bn. Expressed dollars the expansion was ost a fifth.

nce again the bank's main *ness has been medium and* -term Eurocurrency loans. t year it granted 117 loans he value of BFr 202bn. But has also remained active the syndicated loan market, ing managed or co-managed Eurosyndicates to the value BFr 186bn. Short-term busi- s remained competitive, but C still managed to advance r 9.9bn under this heading ing 1978.

Commercial and industrial estments underpinned loan siness at BEC last year, not- y to the chemical, mining d oil industries. Project- ked finance was clearly im- rtant to the bank. The upshot s a rise of 15 per cent in net er-tax profits last year to r 497m. The outlook for 1979 one of "further favourable velopment."

For BEC's shareholders the rmation of the bank could not have been better timed. BEC has, in fact, grown up in tandem with the Eurocurrency market. In 1967 when BEC was born, the estimated net volume of the Eurocurrency market was some $16bn. Today's figure is probably 20 times greater. The formation of BEC, one of the first ever consortium banks, was seen at the time as a bold move. The gamble has clearly paid off.

Another major Belgian consortium bank is the European Arab Bank (Brussels) which was set up in 1972 with major support from European, Japanese and Arab banks. Elsewhere, sizeable European consortium banks can be found in West Germany (the European Asian Bank is based in Hamburg) and Switzerland. Zurich's prestigious Bahnhofstrasse houses the Nordfinanz-Bank Zurich which is owned by a mixture of Scandinavian banks.

Jeffrey Brown

UK clearers take a fresh look

"AS THE years roll by the function of the consortium banks becomes less easy to define." This remark by a banker with one of the Big Four UK clearers just about sums up the attitude the large UK banks now seem to have to the consortium idea. There are, of course, differences of emphasis between individual banks. But the overall message appears to be that while the consortium idea was all right for the 60s and early 70s it has a far less important role in international banking today.

When asked to indicate the advantages and benefits of being involved in consortia the best response that UK bankers seem to be able to come up with is that the benefits are intangible. "It boils down to personal relationships and shared experiences," was one comment. "They can provide useful contacts," was another.

A brief look through the 1977 annual report of ABECOR, the Associated Banks of Europe partnership that includes Barclays bears out the point. Under the heading "Objectives of ABECOR" comes the explanation that it is an association of European banks "seeking to improve the services that each individual member bank is able to offer to its customers by developing banking and financial objectives on the basis of mutual co-operation." The report goes on to emphasise that it has always been considered important to develop the structure of the association "in as loose a way as possible." In this way, it is said, each bank can continue to retain its individual freedom of action.

Later, under the heading "Achievement," the report lists the following:

- production of ABECOR country reports;
- publication of interest rate forecasts;
- production of a descriptive brochure on the group in English, French, German and Italian;
- continuation of seminars and a general exchange of views at working party and contact group level, on a variety of subjects;
- organisation of joint representation at trade fairs.

Finally, in a foreword, Dr. A. Batenburg, chairman of ABECOR's steering committee, allows himself to question "whether today's world still allows for attempts towards real co-operation within a group of internationally oriented banks. . ." He goes on to talk of "differences of opinion," "frank discussions," "practical limitations," and "realism."

The truth is that several of the leading members of ABECOR have long since gone about the business of developing their own operations internationally, and Barclays is no exception. Ten years ago, Barclays Bank was represented in just over 40 countries, with its greatest strength in those areas which historically had been Britain's centres of influence. Today, as the group's annual report just issued boasts, "Europe, the Americas, the Middle East, South East Asia and perhaps the most intriguing development of all—China—vie in importance with Barclays' traditional markets." By the end of 1978 Barclays was represented in more than 700 centres in 75 countries around the world. As for ABECOR, Barclays shareholders will have to turn to the final page of the 76-page annual report to read that the group is still a member of Associated Banks of Europe.

National Westminster, like Barclays, has now well and truly established itself internationally. The proposed acquisition of National Bank of North America fills in an important gap in the group's geographical spread of interests. NatWest is, of course, involved in a number of consortia, including Orion, Libra, and Saudi International Bank. Of these Orion is the biggest, with last reported pre-tax profits of over £10m. Clearly, the whole philosophy of NatWest has now changed. Orion is looked on within the group as a special investment rather than some integral part of the NatWest group services.

Orion has responded to this change of attitude by becoming much more of an independent bank in recent years. Instead of staff being seconded from the main shareholding banks, as in the old days, recruitment is now said to be much more on a career basis within Orion itself.

Midland Bank is in many ways the most interesting in this area. Historically, through membership of EBIC Midland has probably been the most committed of the UK clearers to the consortium concept. EBIC itself is one of the earliest and most committed of the co-operative groups with members which, like Amsterdam-Rotterdam Bank, Deutsche Bank and Midland, have tended in the past to be more reliant than most on correspondent relationships in providing an international service.

Such ideas have been reflected in the establishment of a wide range of joint operations in the U.S.—where the EBIC members own European American, a major U.S. bank based on the old Franklin National — on the Continent, in the Far East and in London with the joint international merchant bank, European Banking Company. There is said to have been a general understanding that the EBIC members should avoid trespassing on each other's territory.

But, as is now well known, this arrangement has not entirely worked out in practice. Deutsche Bank opened up a few years ago in its own name in London, and was followed by AMRO. On the other hand Midland Bank has now established its own wholly owned subsidiary in Paris. Midland Bank France SA, with a capital of some £11m. "It commenced operations last October marking a significant further development in overseas representation," the Midland 1978 annual report records.

But at least EBIC gets a mention in the main body of the Midland report. "The associated businesses continue to play an important role in our affairs. Many of these are joint ventures which we have entered into with European Banks International Company SA (EBIC). These partner banks . . . and the particularly close relationship which has been developed with them enables their customers to benefit from a network of over 10,000 branches across Europe."

In the view of many bankers and City analysts Midland now stands poised to extend its international coverage by a U.S. acquisition. If this happens it will almost certainly raise a question-mark about the future of EBIC, and European American in particular.

So what does all this bode for the future of the consortium bank idea? "There is a future for the specialised groupings. The general ones seem to have peaked out in size and are having to become more independent of their members," is how one UK banker sums up the position. "They have served their purpose," says another, "by providing us with international expertise in areas where we are now competent in our own right."

Michael Lafferty

More Arab muscle

THOUGH CONSORTIUM banks were not unknown in the Middle East before the quadrupling of the oil price in 1973-74, they quickly acquired a new dimension in the wake of OPEC's historic action, not least as a channel for the vastly increased surplus funds from oil. Many new institutions sprang up and the difficulties of setting up such institutions on their own to handle this new income encouraged a number of Middle East States to seek partnership with more established Western banks.

The decline in oil surplus funds in the past 12 to 15 months has not reduced the activities of these banks. Ironically it has given some of the more recently founded a chance to flex their muscles and enter into competition with Western banks in lending—precisely to many Middle East States which needed external funds to keep their development plans going at the intended level.

OPEC borrowing increased very substantially last year, the overall figure rising from \$7.4bn to \$10.3bn. In Algeria's case the increase was quite dramatic, a little less so in the case of Venezuela and Indonesia. This led to growing competition among all banks to obtain loan mandates, the keenness of the competition being sharpened by the increasingly finer terms borrowers were able to obtain.

Some Middle East-based bank consortia such as Gulf International, Kuwait International Investment and Abu Dhabi Investment Company played a more active role, particularly in the syndicated medium-term loan market. Their increased intervention brought accusations of rate-cutting but such accusations were made against many banks last year, not a very surprising feature at a time of sharp competition and general fall in rate spreads.

Of course, mishaps occur. A \$100m credit for Morocco's State phosphate company OCP, which included a spread of ⅞ per cent over Libor, did not sell well. The lead manager was Abu Dhabi Investment Company. This hiccup did not damage Morocco's standing and the next loan included a spread of 1 per cent, one which the market regarded as "correct." Such mishaps occur regularly and last year recorded far more damaging examples of aggressive rate-cutting.

Arab consortium banks have not confined their operations to Arab clients. UBAF, to give but one example, has been hunting successfully for mandates for medium-term credits as far afield as Korea. Korean contractors are very active in the Middle East so such a development is not altogether surprising.

Gulf International will be upgrading its London representative office to full branch status this year and much more power of decision will be vested in the City office, all of which suggests that the amount of business done with European clients will increase in the next year or so.

Early last summer the Arab Monetary Fund first came into the public eye as far as commercial financial operations are concerned by co-managing a loan to Algeria. The AMF was formally established in 1976 as the Arab world's version of the International Monetary Fund, and directed primarily at assisting member countries with balance of payments problems. AMF's entry into the financial markets, which surprised some, was felt to reflect its broader range of aims than those of the IMF and also the fact that with its smaller financial base it needs to operate as a commercial institution.

The growing sophistication of Arab banking is also reflected in the increased role being played by some of the Middle East currencies. While Saudi Arabia—despite its decision to denominate some of its big contracts in riyals, thus pushing foreign contractors into exposure in the Saudi currency—is very wary of its currency being used in international transactions. It has for instance urged caution in the number of Saudi riyal-denominated bonds floated by some of the Arab consortium banks.

The development of the Kuwaiti dinar market has met with some notable success in the past 12 months. It is attracting better quality names to raise bonds and it is trying

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U.S. banks turn lukewarm

THE PAST 12 months have not brought any appreciable change in the increasingly lukewarm attitude of major U.S. banks to consortium ventures. Enthusiasm has waned since the early days, when American banks, particularly some of the smaller regional ones, were among the first to become involved in the consortia banking idea when it first took shape in the late 1960s.

Quite a few, have sought to disentangle themselves from the consortia they became involved in.

Rothschild Intercontinental was the first to go when in 1975 European and American shareholders decided to part company. They were lucky to find a buyer for RIB, lock, stock and barrel. The buyer was American Express.

London Multinational, which was also one of the first consortium banks to be established, has gone a different way. It was a fairly successful and conservatively-run bank but it seemed for a long while to serve little useful purpose for its owners, Credit Suisse and Chemical Bank. If anything it may have been an hindrance to Chemical Bank's desire to break into international merchant banking business. Eventually Chemical Bank took over London Multinational and saved itself the trouble of starting a merchant bank from scratch.

Altogether about a dozen U.S. banks have pulled out of London-based consortia over the past three years. Only four of the 15 largest American banks now have a stake in a consortium bank: Chase has an interest in Orion, First Chicago and Irving Trust own part of International Commercial Bank and Crocker Bank has a stake in United International Bank.

The reasons for this exodus are manifold. For one, the closer look both the British and American authorities have been taking at the relationship between consortia banks and their shareholders may have made the setting up or the maintaining of some consortia banks more difficult. The Bank of England insists that the shareholders give a full commitment to stand behind their London offspring, in good times and bad.

American banks are vulnerable to law suits from their own shareholders and conflicts could arise between commitments to their London offspring and their responsibilities to their own shareholders. No one has forgotten the shareholders' suits the United Bank of California got embroiled in a few years ago as a result of the trouble it ran into with its Swiss affiliate, which had been speculating in cocoa futures.

U.S. official attitudes have also changed. Three years ago the Federal Reserve issued a statement, the gist of which was that it would take a much closer look at U.S. banks' plans to participate in foreign joint ventures and consortia. The Fed said that it would take into account the possibility that the joint venture might need additional financial support and that this support could be larger than the bank's original equity investment.

Thus the applicant's ability to meet any additional demands put on it in the form of extra financial or managerial support would also come under scrutiny.

Although the Fed was quick to stress that its statement was not intended to prohibit or discourage anyone who might be thinking of a joint foreign venture, the U.S. banks got the message.

The broader conclusion today must be that the first generation of medium-term Eurocurrency consortia have outlived their usefulness. The big money centre banks have successfully developed their own in-house ability to syndicate Eurocurrency loans. There are exceptions however, most notably in the specialist field. Latin America is the most obvious example where a number of large U.S. banks retain a stake in consortia which are operating very successfully.

This geographical area is such a rich hunting ground for international banks and accounts for such a large slice of medium-term lending that it comes as less of a surprise that consortium banks have found a useful role there. Plenty of scope remains for blending their specialist expertise and the financial muscle which can only come from parent muscle.

Francis Ghiles

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Year of the borrower as margins decline

.E consortium banks, like ·ir parent shareholders, have l to grapple with conditions the international capital rkets in recent months which /e produced some of the most /antageous terms for bor- /ers since the early 1970s.

n the words of London-based .ndinavian Bank, the interna- ıal loan environment "still ours borrowers," although ıe of the international banks, efly the big U.S. institutions, 'e tried to take a stand inst the remorseless decline loan margins.

According to calculations by Organisation for Economic operation and Development ECD), new Eurocurrency ns and international bonds illed $98.1bn last year com- ed with $66.3bn in 1977.

Eurocurrency lending took a bn share compared with .7bn in 1977, while new es in the Eurobond market lined to $14.6bn from .5bn in the previous year. ECD figures reveal the full ent of last year's pressures borrowers' spreads.

By the end of 1978, the average spread over Euro-currency interbank rates paid by the leading industrial nations was down to 0.69 per cent over LIBOR compared with 0.84 per cent in 1977.

The developing world's average fell to 1.03 per cent from 1.46 per cent, while Comecon countries paid 0.73 per cent against 1.05.

The general average fell to 0.87 per cent from 1.17.

Significant

Scandinavian Bank's chairman, Mr. Lars-Erik Thunholm, comments, "While demand has continued at a high level, the volume of Eurocurrency lending associated with refinancing of debt, and the repayment of debt contracted in less favourable borrowing conditions, has been very significant.

"The further erosion of margins and the extension of maturities for all types of loans, whether they be commercial, industrial or balance of payments loans continued to cause general concern to lenders . . ."

Scandinavian Bank, whose own loan portfolio totals the equivalent of £527m, continued to follow a policy of maintaining a short average life for the portfolio. But average maturity was lengthened, due to reduced demand for short-term finance among its customers, it concedes.

Another of the consortia, International Commercial Bank, is also critical of present trends in medium-term lending.

"Margins have continued to decrease and it is becoming increasingly evident that there is no longer any adequate differential between the best category of borrower and those presenting a high risk element."

This theme is echoed by European Banking Company, which says the intensifying competitive pressures in the medium-term loans markets were evidence by declining spreads "and an erosion in real commission earnings in capital market transactions."

However, European Banking strengthened its reputation last year as one of the more successful of the consortia in the international bond markets.

EBC acted as a lead manager of eight bond issues, placing it for the first time in the list of the 10 most active lead managers in Eurobonds. Issues led by the bank totalled $480m, for borrowers from five countries.

One important reason for EBC's success in this field was the trend which developed last year towards floating rate note issues, where it is a leading specialist.

FRNs represented an increased proportion of the total of new bond offerings denominated in dollars, and dominated the dollar side of the Eurobond market in the last six months of 1978.

Niche

Orion Bank, another consortium bank which has developed a specific niche in the international bond markets, had had a quieter year, and there must be questions over the future relationship in the fields of bonds between Orion and one of its main shareholders, Royal Bank of Canada.

Orion has built up a broad specialisation in Canadian dollar issues. Over the past couple of years, it had lead-managed 10 Canadian Eurobonds totalling C$359m, accounting for a good portion of its lead managerships.

Undoubtedly, the Royal Bank has helped to route business Orion's way.

Now, Royal Bank is forming its own merchant banking subsidiary in Britain in order to move into investment banking. As part of this expansion it is planning a sizeable Eurobond capability including a presence in the Canadian Eurobond sector of the Markets.

While Orion has often originated deals in Canadian bonds in its own right, this step by its shareholder may cut uncomfortably into the consortium bank's business.

As such, it provides an illustration of the sort of shareholder pressures many of the consortium banks may have to face.

J.E.

Where industry is the focus

NSORTIUM BANKS come in 'ariety of guises, and any mpt at classification is likely prove a risky business. It be fairly said, however, that ks of this nature split adly into two types: those concentrate their opera- s on a specific geographic tion, and those that spread r horizons wide but focus a certain type of business. ıdustry consortium banks e up a part of this second gory. The concept has antages. One of the more ortant benefits of specialisa- is that in many cases a bank etter equipped to execute ain activities than any of its shareholders taken indi- ally. The industry consor- bank will have built up know-how and experience employing people related ctly to a particular aspect ndustry.

pecialisation along these s also allows overhead costs hich in terms of personnel be very high indeed—to be e easily covered through ıter staff deployment. A sortium bank can generally eve a better ratio of volume transactions to costs by handling more transactions in its restricted area of activity. This need not only be true of staff costs but also for advertising and other expenses.

The very character of an industry consortium bank with a highly developed range of activities enables it to create a more active and aggressive approach than its shareholder banks. A quicker and more experienced concentration of staff can be mobilised towards the client than would be the case with, say, a commercial banking operation where the attention of management almost unavoidably cannot be concentrated on any particular business area.

Penetrating

By combining its own know-how with the existing business connections of its shareholders, a consortium bank can often achieve better and quicker results in penetrating a new market.

This at any rate is the conventional wisdom. Why then are there so few specific industry-orientated banks. In West Germany and Scandinavia there are consortium banks specialising in shipping finance, while in Austria there are joint venture banks aimed at financing trade between the Eastern bloc countries and the West. In Belgium (in Antwerp) there is even a bank which specialises in financing the diamond trade.

But despite these examples, industry consortium banking has rarely captured the headlines. It remains something of a banking backwater, certainly in the UK, where to date only one bank is in operation with a specific industry brief.

This is the International Energy Bank (IEB) which came into being in July 1973 at a time of rapid developments within the European programme for tapping North Sea energy. The bank's capital of £20m is held by six shareholders, including Barclays Bank International and Bank of Scotland. Societe Financiere Europeene, a Luxembourg-based consortium bank itself controlled by eight major banks, has a 20 per cent shareholding; Banque Worms has a stake, while Canadian Imperial Bank of Commerce and Republic National Bank of Dallas provide North American backing.

Set up with a City of London headquarters the bank was to be "primarily organised to make loans to companies undertaking energy projects." At the time IEB made it clear that direct investment by the bank was not ruled out, and schemes such as the Orkney and Alaskan pipelines were put forward as the sort of development for which it would be seeking to provide finance. Here for the first time in the UK was a single-purpose bank intent on the development of energy industries world-wide.

Yet the formation of the IEB failed to spark a chain of reaction of similar moves by other major banks. One reason was that the high level of business expected in North Sea finance for UK banks eventually proved disappointing. IEB has had its moments in providing cash for North Sea development, but by and large opportunities have not been forthcoming. Last year the bank saw some two-fifths of loans committed to North Sea and related areas. But it was also active in Mexico and North America.

IEB's profits growth, however, has been impressive, albeit working from a modest base. In 1974 net profits after tax were £285,000. Last year they emerged at £1.19m for a rise on 1977 of about a fifth. At the same time total assets last year expanded over the period from £41m to £224.05m, and the bank was able to look forward to sustained momentum in 1979, helped by additional production-related loan opportunities.

Dramatic

However, year-end agreement on amounts to be lent showed a dramatic decline over the figure for the close of 1977, largely as a result of pressures on loan margins. The bank is keeping clear of the market in 10- to 12-year finance. Future loan arrangements at the end of 1978 totalled £24m, compared with £41m a year earlier, reflecting the "directors' decision to take less in the way of low margin longer-term loans and to continue to concentrate on special energy finance."

Reporting to shareholders earlier this year, IEB's chief executive, Mr. Gordon Ahalt, explained that most of the bank's efforts last year were directed towards the smaller "service type" energy-related needs which helped to keep business margins from shrinkinng to the extent that was seen in the banking market generally. IEB claimed a number of unique loan facilities were offered during the year, most of them for production related types of finance.

Mr. Ahalt complained of continuing political involvements in energy financing, "some of which are not particularly constructive in their application to world energy economics." He urged governments around the world to adopt more realistic production targets to meet public needs over a long period before setting about the task of measuring progress.

"Each goal should be pursued by industry with as little price or detailed regulations as possible. Price increases in our current energy market bring not only additional petroleum reserves into the market but new and supplemental forms of energy become economic."

Jeffrey Brown

Arab

CONTINUED FROM PREVIOUS PAGE

to ensure a more active secondary market. The more turbulent other sectors of the international bond markets are, the more attractive the Kuwaiti dinar will look even though it does not pretend to challenge dollar or Deutsche Mark-denominated paper.

There are more discreet ways of recycling money. Some loans to prime Western State borrowers are known to have been made, initiated from the Middle East with spreads over the interbank rate of below ½ per cent. By their very nature they are impossible to pin down, but here again Arab money is being committed long-term. This trend could well be on the increase if the growing number of "club" deals being arranged in the medium-term loan market is anything to go by.

Drawbacks do exist, however, to such consortium bank operations and they can best be illustrated by recent events. Iranivest, which is owned by prominent U.S., European, Iranian and Japanese banks, is going through a delicate phase because of the situation in Iran. All may turn out well if normal banking business resumes but recent weeks cannot but have been uncomfortable, since Iran accounts for 31 per cent of the bank's total commitment of medium-term loans. It is interesting to note, however, that the bank has diversified its lending policy and that areas far away from the Middle East account for a sizeable amount of the bank's business.

A totally different story is that of a recent loan for Dubai from which BAII was forced to withdraw its offer after a meeting of the bank's holding company in Bahrain.

Some of the bank's shareholders apparently felt unhappy about the competition that the project to be financed by this loan would bring to other similar projects in the Gulf. No doubt such difficulties illustrate the pains of growing up; they also underline the vigour of a number of these new institutions and the effectiveness of their development policies. Diversification of business, geographically and otherwise, will remain the key to a prosperous future.

Francis Ghiles

Wall St. ahead 3 points in noon rally

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—56¼% (56¼%)
Effective $2.0555 23¼% (23¼%)

STOCKS gained in moderate trading after being mixed most of the morning on institutional demand.

The U.S. Federal Reserve chairman said monetary policy should "just stay firm" in the light of present inflationary pressures. His remarks should ease worries about the weekly banking figures to be released soon.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Index added 3.03 to 869.28 and winners led losers about seven-to-five on a volume of 13m shares. The Transport Index rose 1.02 to 224.82 and Stocks advanced 0.91 to 293.88.

Du Pont tacked on 25 cents to $143½. IBM rose $1 to $319, Eastman Kodak put on 50 cents to $66, Amax Inc advanced $2¼ to $55¾. General Motors was 25 cents up to $56¾, and Boeing took off by 50 cents to $67½.

Matsushita Electric topped the active list, easing 50 cents to $31½. A block of 359,200 shares moved at $31½. Emerson Electric dropped ⅛ to $33½ after a block of 200,000 issues traded at $33½. Active Sperry Rand jumped $1¼ to $50¾.

Oils firmed. Exxon added 25 cents to $53¾, Atlantic Richfield ¼ to $62¾. Superior Oil $4¼ to $362½ and active British Petroleum $1 to $24¾.

General Public Utilities, which owns a nuclear power plant that leaked radiation yesterday, lost ⅜ to $18¾. Allied Chemical named the former chief financial officer of United echnologies Corp as its president and gained $1½ to $34¼.

McIntyre Mines climbed $1¼ to $36¼ after arranging the sale of 1.6m tonnes of coking coal to 10 Japanese companies over two years. Unitrode added 75 cents to $25¼. Schlumberger bought 400,000 shares of Unitrode Common. Dynamics Corpn. of America has said it wants to buy up to 20 per cent of Unitrode. Schlumberger added ⅜ to $106.

American stock exchange prices advanced in active trading. he Amex index rose 0.56 to 179.59 on volume of 2.50m shares.

Prime Motor Inns jumped $2¾ to $19 after receiving approval for its Atlantic City hotel/casino.

Canada

Canadian stock markets were mixed. In Toronto the composite index up 2.3 to 1,467.9 in a volume of 2,177,796. The Oil Index was up almost seven points with Westcoast Pete up ⅛ at $17½. Total Petroleum up ⅛ to $24½ and Dome Petroleum up 1¾ at $137¾.

Trading in Hudson's Bay and George Weston resumed at the opening with Hudson's Bay up 5 at $33¼ and George Weston off 1¼ at $23¾. But the Golds Index lost 4.2 to 1,652.6 and the Metals and Mining index lost 3.7 to 1,309.9.

In Montreal, the stock market was mixed in quiet trading on a noon volume of 257,577 shares. The composite index rose 0.9 but Oils, Minerals and Metals all showed weakness. Inco and Denison were unchanged but Falconbridge lost 25 cents and Noranda 50 cents.

Tokyo

Japanese share prices rose sharply in fairly active trading, with selective buying interest spread over a wide front including issues related to oil. The Tokyo Stock Exchange index rose 0.92 to 450.86. Nippon Oil, Teikoku Oil and Arabian Oil led the gains, followed by Machineries and low-priced Chemicals and Properties.

Nippon Oil gained Y40 to close at Y809, Arabian Oil Y120 to Y2,610, Teikoku Oil Y34 to Y480. Heiwa Real Estate Y14 to Y686 and Nippon Soda Y10 to Y389.

Pharmaceuticals, Precision Instruments and issues related to defence and energy-saving were bought selectively, but high-priced Electricals and Communications equipment, including Fujitsu and Pioneer Electronic fell on profit-taking.

Germany

Frankfurt share prices were mostly higher after initial losses of up to DM 1 with dealers reserved ahead of possible decisions when the Bundesbank central council meets. The Commerzbank Index rose slightly and leading Banks and Chemicals were higher. Deutsche Bank was up DM 1.70, Commerzbank rose DM 2.50, Dresdner put on DM 1.50, while BASF was higher by 50 pfennigs. Bayer gained DM 1 and Hoechst was 50 pfennigs higher.

Among Motors Daimler lost DM 3 while VW and BMW were barely changed. GHH was higher by 50 pfennigs in Engineerings while KHD lost DM 1.40. Metallgesellschaft lost DM 2 to DM 259 but Allianz Versicherung put on DM 6 to DM 470.

Switzerland

Zurich share prices closed barely steady on small volume. Gains due to special circumstances included Pressefinanz and Interpan, which rose on rumours that BAT Industries might increase its present 51 per cent holding. Banks and Insurances were barely steady, while Financials to point higher included Holderbank, Moevenpick and Interfood influenced by its letter to shareholders. The main restraining factor was the OPEC decision to raise oil prices.

In mixed Industrials Sulzer was lower on above-average volume. Also lower were Ciba-Geigy, down SFrs 5 to SFrs 1265 and Alusuisse, which lost SFrs 10 to SFrs 1430. Globus was weak too and Nestle lost SFrs 15 to SFrs 3625 while Jelmoli fell SFrs 20 to SFrs 1470.

Brussels

Belgian stocks closed lower in active trading on the Brussels bourse, again influenced by Wall Street. Petrofina rose BFrs 30 to BFrs 4,080 after increasing 70 points on Wednesday. Ebes proposed a dividend of BFrs 177 and closed up 10 points at BFrs 2,435.

Steels and Chemicals slipped. Arbed fell BFrs 15 to BFrs 2,380 and Solvay lost BFrs 15 to BFrs 2,625. Non-ferrous metals closed mixed. Hoboken was up BFrs 20 at BFrs 3,090, but Vieille Montagne fell 50 points to BFrs 1,780.

Milan

Italian stocks closed lower for the second consecutive day as technical sales prevailed in sluggish trading. The Milan index lost 0.85 per cent to register a loss of nearly 2 per cent in two days. Need to settle covering operations forced the market to discount the continuing flow of satisfactory company reports for the last fiscal year. Sales especially affected the big industrials, such as Snia Viscosa, down L20, and Montedison which shed L2.75. Snia, which had been sharply higher in previous sessions, dropped to L990 from L1,010 on Wednesday. Among shares to close higher against the trend, Generali gained because of rumours of a free share distribution and Lepetit rose on demand from Dow Chemicals of the U.S., which already holds a majority interest.

Australia

Modest gains by selected Mines and Coal Stocks and renewed interest in Kelvinator were the main features of generally quiet trading. Bougainville Copper was active and the stock closed 5c ahead at A$2.

Iron ore mines Hamersley and Robe River gained 6 cents to A$2.81 and 2 cents to A$1.07 respectively. CRA however shed 5 cents to A$3.70.

EZ Industries provided the only bright spot among the Uraniums with a gain of 5 cents to A$3.25. Coals rose on news of the latest oil price rise. Kelvinator featured on the Industrial boards with a gain of 12 cents to A$2, recovering some of Wednesday's losses after Email and Simpson Pope pulled out of the market to negotiate. Email rose 2 cents to A$1.08 and Malleys was steady at 85 cents.

In the absence of overseas demand, particularly from the UK where investors are concentrating on their own market, BHP slumped 20 cents to $A11.06.

Banks fell, Brewers were mixed and Retailers closed a shade firmer.

Johannesburg

South African Gold shares were mixed to firmer in quiet trade with most demand on local account. Mining Financials shadowed producers. De Beers shed 10 cents to R5.40. Coppers were little changed and Rustplat gained 2 cents to R3.10. Collieries were generally harder. Industrials were quietly firmer although gains were not sensational. Wednesday's budget had little impact on share prices.

Amsterdam

Prices were narrowly mixed on the Amsterdam Stock Exchange. In the International sector, Akzo closed at Fl 30.20, down 20 cents, and Philips shed 10 cents at Fl 24.70. Royal Dutch at Fl 137.80 was up 70 cents and Unilever at Fl 128.70 rose 50 cents. Banks declined. In the Insurance sector Nationale-Nederlanden rose 70 cents to Fl 110.50. Transportation shares were weak, but KLM at Fl 102.70 gained 70 cents. A heavy loser was Ogem Holding, which closed at Fl 26 down at Fl 1.30, after fierce criticism of its management by a Dutch trade journal.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	Mar. 28	Mar. 27	Mar. 26	Mar. 23	Mar. 22	Mar. 21	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	868.25	871.36	864.82	859.75	861.81	857.75	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.86	84.38	84.47	84.25	84.42	84.45	90.96 (4/4/78)	84.09 (16/1/79)	—	—
Transport.	223.88	223.70	219.91	219.75	218.20	217.42	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.77	104.30	104.47	104.79	104.65	104.28	110.98 (3/1)	97.73 (20/12)	163.32 (20/4/69)	10.50 (28/4/42)
Trading vol 000's	39,320	33,940	23,440	33,620	34,380	31,120	—	—	—	—

♦ Day's high 876.99 low 863.85

	Mar. 23	Mar. 16	Mar. 9	Year ago (approx)
Ind. div. yield %	5.76	5.80	5.87	6.15

STANDARD AND POORS

	Mar. 28	Mar. 27	Mar. 26	Mar. 23	Mar. 22	Mar. 21	1978-79 High	1978-79 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	114.05	114.49	112.77	113.45	113.64	113.05	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	102.12	102.48	101.04	101.86	101.67	101.25	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 21	Mar. 14	Mar. 7	Year ago (approx).
Ind. div. yield %	5.08	5.11	5.17	5.48

BASE LENDING RATES

A.B.N. Bank .... 13 %	■ Hambros Bank .... 13 %
Allied Irish Banks Ltd. 13 %	■ Hill Samuel ....§13 %
Amro Bank .... 13 %	C. Hoare & Co. ....†13 %
American Express Bk. 13 %	Julian S. Hodge ...... 14 %
A P Bank Ltd. .... 13 %	Hongkong & Shanghai 13 %
Henry Ansbacher ...... 13 %	Industrial Bk of Scot. 13½%
Associates Cap. Corp.... 14 %	Keyser Ullmann .... 13 %
Banco de Bilbao ...... 13 %	Knowsley & Co. Ltd.... 14½%
Bank of Credit & Cmce. 13 %	Lloyds Bank .... 13 %
Bank of Cyprus .... 13 %	London Mercantile ... 13 %
Bank of N.S.W. .... 13 %	Edward Manson & Co. 14 %
Banque Belge Ltd....... 13 %	Midland Bank .... 13 %
Banque du Rhone et de la Tamise S.A. 13½%	■ Samuel Montagu ...... 13 %
Barclays Bank .... 13 %	■ Morgan Grenfell ...... 13 %
Bremar Holdings Ltd. 14 %	National Westminster 13 %
Brit. Bank of Mid. East 13 %	Norwich General Trust 13 %
■ Brown Shipley .... 13 %	P. S. Refson & Co. ... 13 %
Canada Perm't Trust... 13 %	Rossminster .... 13 %
Cayzer Ltd. .... 13 %	Royal Bk. Canada Tst. 13 %
Cedar Holdings .... 13 %	Schlesinger Limited ... 13 %
■ Charterhouse Japhet... 12½%	E. S. Schwab .... 14 %
Choulartons .... 13 %	Security Trust Co. Ltd. 14 %
C. E. Coates .... 13 %	Shenley Trust............ 15 %
Consolidated Credits... 13½%	Standard Chartered ... 13 %
Co-operative Bank ......*13 %	Trade Dev. Bank ...... 13 %
Corinthian Securities... 13 %	Trustee Savings Bank 13 %
Credit Lyonnais .... 13 %	Twentieth Century Bk. 14 %
The Cyprus Popular Bk. 13 %	United Bank of Kuwait 13 %
Duncan Lawrie .... 13 %	Whiteaway Laidlaw ... 13½%
Eagil Trust .... 13 %	Williams & Glyn's ...... 13 %
English Transcont. ... 13½%	Yorkshire Bank .... 13 %
First Nat. Fin. Corp. ... 14 %	
First Nat. Secs. Ltd. ... 14 %	
■ Antony Gibbs .... 13 %	
Greyhound Guaranty... 13 %	
Grindlays Bank ....‡13 %	
■ Guinness Mahon ...... 13 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½%, up to £25,000 11%, and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

هكذا من الأصل

...Foot and ...mouth alert ...n Britain

...y John Cherrington, ...griculture Correspondent

...E MINISTRY of Agriculture ...alerted its staff in southern ...ities and also private veter... ...y surgeons about the foot... ...mouth disease outbreak in ... Calvados region of Nor...dy.

...his is the first serious out...k near our shores since 1974. ...pparently started in pigs and ...ow affecting cattle.

...e Ministry of Agriculture ...rted the outbreak involves ...O strain virus and should ... been prevented by the ...pulsory vaccination imposed ...attle in France.

... far, no further steps are ...g taken in Britain and there ...o great cause for anxiety ...s the outbreak develops on ...ger scale. But the danger ...fection through the increas... ...cross-Channel traffic and ...atory birds is obvious, and ...tock farmers in particular ...ld watch for any symptoms. ...e commonest symptoms are ...dden and unexplained drop ...ilk yields, lameness and ...ering at the mouth.

...igger Indian ...arvests likely

...EW DELHI — The Indian ...culture department expects ... 1978/79 harvests despite ...sive flood damage to crops ...ugust/November.

...riculture Minister, Surjit ... Barnala has warned ...ament, however, that ...t heavy rains and strong ...s had caused further crop ...age.

...erall foodgrains production ...kely to exceed the 125.6m ...es produced last year, ...rding to the Department's ...al report. Around 3m ...es had been lost through ...s, it estimated.

...e report puts cotton output ...m to 7.5m bales of 170 kg ... in the 1978/79 (September ...ugust) season against 7.1m ... previously.

...garcane output in 1978/79 ...ober to September) is ...cted to be "close to the ...ious year's level," while ...liminary estimates" indicate ...ncrease of 700,000 to 800,000 ...es in oil seeds in 1978/79 ...ember to October) over ...year's 9.5m tonnes.

...w jute production in .../79 (July to June), is put ...45m bales of 180 kg com... ...d with 5.36m bales a year ...er

EEC court rules against British potato import ban

BY MARGARET VAN HATTEM IN BRUSSELS

IN A decision with far-reaching consequences for potato growers, and indirectly for EEC sheep farmers, the European Court of Justice yesterday ruled against Britain's import ban on potatoes.

Its decision in two cases—one brought by the EEC Commission, the other by a Dutch potato trader—spells the end of the price support system operated by the UK Potato Marketing Board, and could mean disaster for many British growers, already hit by a depressed market following last year's bumper crop.

The decision should cheer British consumers, as it almost certainly means cheaper potatoes, at least in the short-term. It may also encourage British sheep farmers, awaiting the outcome of a similar case against French import curbs on sheepmeat, effective mainly against the UK.

Both the potato cases originated in complaints from Dutch farmers denied access to the protected UK market. For years, the Potato Marketing Board has operated a price support system for main crop potatoes, buying up surpluses to keep prices at the guranateed level.

Import curbs, permissible under the UK Treaty of Accession, despite EEC free trade rules, were needed to stop other EEC producers from taking advantage of this nationally-funded system. However, with the expiry of Britain's period of accession at the end of 1977, this exemption from EEC rules also died.

Britain argued that in the absence of a Community regime for potatoes, it should be allowed to continue the system. Its case received support from the French Government, which has advanced a similar argument in the case of sheepmeat.

The Commission has been trying unsuccessfully for two years to introduce an EEC regime for both products.

However, the Court of Justice, in a ruling counter to the summing-up of its Advocate-General, yesterday said Britain had failed in its obligations under both the Treaty of Rome and the Treaty of Accession by not removing the import restrictions before the end of 1977.

The Commission's case ends with Britain being ordered to pay costs. The case brought by the Dutch trader will be referred back to the High Court in London, which referred it to the European Court for a preliminary ruling, and its final decision could take some time.

The court ruling means that from now on the UK will be unable to stop potato imports, except perhaps if they fail to meet British health criteria. This could bring problems for the marketing board, which recently estimated last year's surplus at 480,000 tonnes, of which 105,000 tonnes remain, 375,000 tonnes have been sold off cheaply for animal feed.

Our Commodities staff adds: The Ministry of Agriculture in London had no comment yesterday on the court's decisions. The Dutch trader's case remain *sub judice*. Officials had not yet seen the text of the judgment in either case.

The Potato Marketing Board commented that it had accepted that Britain would have to stop banning imports at some time. The judgments had probably advanced "the evil day" a little, but not much, the Board said.

The National Farmers' Union was disappointed by the decision.

Mr. Christopher Harrisson, chairman of the union potato committee, said he now expected the court to pronounce in similar terms on the French import controls on lamb and mutton.

"Producers should be aware that this judgment does not open the gate to immediate imports. It does reinforce the need for the early introduction of an EEC regulation enabling member states to operate regional support measures," he commented.

Meat industry anger over imports policy

BY OUR COMMODITIES STAFF

BRITAIN IS paying its competitors to put its own meat and bacon processing industries out of business, the Bacon and Meat Manufacturers' Association claimed yesterday.

It based its charge on the recent reports from Brussels based on EEC Commission figures which confirm that Britain is the largest net contributor to the Community budget.

The UK paid £670m last year, and part of the contributions would have been used for the £75m awarded to the Danes in the form of monetary compensatory amount subsidies on their exports of bacon and meat products in Britain.

By contrast the British industry received nothing.

In effect, Danish curers receive a subsidy of £11.73 for every pig they sell to Britain, the association said. This gives them a margin of £13.24, while the margin for British manufacturers this month is £2.57, and has often been much less.

Last year two British bacon factories closed with a loss of several hundred jobs.

The manufacturers were also angry about the EEC rules for importing beef. They said the huge levy imposed on manufacturing beef imported from Argentina and Australia had virtually cut off supplies of good quality, reasonably-priced meat and forced up the price of home-produced canned meats to uncompetitive levels.

Yet the same rules allowed third countries, including Australia, to export ready canned goods to Britain without levy.

Mr. John Locke, association director, said, "This is a ludicrous situation. In the case of bacon we are actually subsidising our competitors while on the beef side the entire EEC is being penalised by its own rules.

"Here in Britain we have already lost several hundred jobs and if we do not soon get some change of heart among the bureaucrats in Brussels we will lose many more."

Ghana cocoa

ACCRA—The Ghana Cocoa Marketing Board said main crop purchases in the 25th week of the 1978/79 season (ended March 29) totalled 318 tonnes.

This brings the cumulative total to 246,309 tonnes.

No progress in nickel strike talks

By John Edwards, Commodities Editor

ONTARIO LABOUR mediators were pessimistic yesterday about the chances of a settlement of the six-month-old strike at International Nickel's Sudbury mine complex, reports Reuter.

The mediators, after meeting union and company representatives this week, said they saw no reason why negotiations between the two sides would resume soon.

There was no further news about progress in the talks seeking to avert a strike at the Canadian Copper Refinery in Montreal.

The London copper market remains highly nervous about the CCR strike threat. Cash wirebars closed £5.75 up at £1,046.5 a tonne.

The market fell in early dealings on a lack of buying interest, but rallied in later trading to close higher. Other base metals were generally lower.

Lead prices, which have moved up strongly this week, lost ground yesterday with the cash quotation losing £7 to £582 a tonne. Zinc and aluminium also ended marginally lower.

Brazil coffee price rise plan denied

RIO DE JANEIRO—Brazil is not planning any imminent coffee marketing measures, Brazilian Coffee Institute (IBC) president Octavio Rainho said yesterday.

Speaking at a Press briefing before his departure for the International Coffee Organisation (ICO) executive board meeting in London, Sr. Rainho said Brazil is not about to release a package of measures such as those rumoured on the market.

Market talk this week mentioned Brazil might be planning an increase in its internal support and minimum export registration prices.

Asked if Brazil was preparing any measure to make its coffee more competitive, Sr. Rainho again said there was nothing planned.

He confirmed his earlier statement that Brazil intends to sell more than 12m bags of coffee this year, but added the IBC has no target for how much to sell from April to June. Reuter

UK AGRICULTURE

New landlords put pressure on rents

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FARM RENTS are becoming an issue in NFU politics. About half the farmers in Britain are tenants, and they are beginning to feel a gradual squeeze on their profits from landlords pressing for more money.

This has been particularly evident since the institutions—insurance companies, pension funds and others—have been taking an interest in getting the biggest possible returns on their investment.

Some land agents' brochures emphasise the opportunities for increasing rents, complete with graphs showing how well these have performed in the past. Investment in land, it is implied, can show excellent growth in capital and income. Based on historical investment costs this has been undoubtedly true, but raising rents does have its limitations.

Historically low

Until now the going has been relatively easy. Rents have been historically low, and pushing them up has generally been a matter of agreement. There is no standard figure because of the wide diversity of landlords.

Some of them want to squeeze out the maximum, usually the institutions. Others, particularly some private landlords, are content with very modest rents indeed.

I know of cases where adjoining farms of similar potential have rents which vary from £10 up to £40 an acre or even higher. It is to the area of low rents that the investors' attention is being drawn, and undoubtedly there is scope here for sizeable increases.

If a farmer and landlord cannot agree on a rent increase, there is provision for arbitration. The arbitrator is usually a chartered surveyor or auctioneer, and he is appointed by agreement between both parties. It is over the terms of reference of arbitration that conflict is arising.

Under the relevant Act of 1958 the arbitrator, in making his award, has to take into account the rents agreed between a willing landlord and tenant for a similar farm. Most new farm lettings now take place by tender and because very few are being let, these tender rents are being pitched very high.

Objectors to these criteria claim that those bidding high rents are doing so for considerations other than simply to rent the farm. They could be men with cheaper land who are able to average-out the cost over all their holdings. Others would be prepared to stick their necks out, because they hope that inflation would, in the course of time, reduce the real cost of the rent.

In fact the threat of arbitration seems to be enough for most farmers. The well-publicised reports of high rents bid at tender have been enough to force most tenants to settle without recourse to arbitration.

But it does appear that landowners may not have such an easy run in future. Nor are all arbitrations always as bad as they are made out to be.

I met a very angry estate agent the other day, who told me that the arbitrator had fixed a rent even less than the tenant had been prepared to offer in the first place. But farmers are not prepared to rely on occasions of this sort, and are pressing that the arbitrators should have criteria other than those of direct comparability with tender rents.

Arbitration cases

Arbitrators should, they say, be able to bring in the profitability of the farm or the whole farming situation, and relate it to the tenant's position.

This is obviously almost impossible to define in statutory terms, which is why tender rents have to come to be the model. How many cases have actually gone to arbitration is far from clear. But it is possible that more farmers will be prepared to face it in the future.

Margins in many types of farming are now coming under considerable pressure as the latest review White Paper has shown, and this has been reinforced by the publication of such reports as those of farm consultants Laurence Gould and Company.

There is an increase of 13 per cent in wage costs to meet this year, and comparable rises in other costs. A 5 per cent devaluation of the Green Pound could raise intervention prices by 7 to 8 per cent but any increase in the milk price could probably be countered by the effects of the planned co-responsibility levy.

Even a complete elimination of the Green Pound and price comparability with the rest of the EEC, would be of only temporary relief in the face of inexorably increasing costs.

Factors taken into account

In these circumstances other criteria are almost certain to be taken into account in fixing rents, which arbitrators would be inclined to take into account, particularly if the farmer presented a good case.

In France, where the proportion of rented land is roughly the same as in this country, although ownership is much more diffuse, rents are fixed by statute. The formula includes an assessment of the quality of land, and the income to be expected from it whether from grain, milk or beef.

In practical terms, arable farms I visited recently were paying rents of between £25 and £30 an acre, well in line with rents on comparable land here. Land prices in France are about 15 per cent higher.

This is an example that English farmers will be looking to in the future, particularly should the pessimists be right in their claims that private landlords and owner-occupiers are being taxed out of existence and the countryside will eventually be exclusively farmed by tenants.

...ITISH COMMODITY MARKETS

...ASE METALS

...PER—Firmer on balance. After ...g ahead strongly to £1,064 in the ...hours business on Wednesday ...forward metal opened around ...! and fell away to £1,049 in the ...ce of any fresh buying interest. ...st selling around the £1,050 level ...also reported. However, in the ...oon the market picked up in quiet ...g to touch the day's high of ...3 before closing at £1,055. Turn... 44,575 tonnes.

...algamated Metal Trading reported ...in the morning cash wirebars ...at £1,042, 41.5, three months ..., 52, 51, 50, 51, 51.5, 52, 52.5, ...5. Cathodes, cash £1,033, three ...s £1,044. Kerb: Wirebars, three ...s £1,051.5, 51, 52. Afternoon: ...ars, three months £1,051, 50.5, 50, 49, 53, 52, 53, 52.5, 53, 54, 56, 56, 57, 56, 57, 57.5, 57, 56.5, 57.5, Cathodes, cash £1,040. Kerb: Wirebars, three months £1,056, 54.5, 54, 53.5, 54, 55, 55.5, 56, 55.5.

...ER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
...bars				
...	1041-.5	-10.5	1046-7	+5.75
...ths.	1051-.5	-11.2	1057-.5	+6.75
...n,nt	1041.5	-10.5	—	......
...des				
...	1033-4	-11.2	1039-40	+5.5
...ths.	1043-4	-12	1049-51	+5
...n,nt	1034	-10.5	—	
...mt...	—	......	*95-108.25	......

TIN—Easier in subdued trading. After opening at £7,285 forward metal eased to close at the day's lowest level of £7,240 reflecting small selling, lack of interest and the absence of any significant physical business. Turnover: 1,050 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7375-85	-40	7350-60	-57.5
3 months	7290-310	-32.5	7280-300	-22.5
Settlem't	7395	-35	—	......
Standard				
Cash	7340-50	-50	7310-20	-45
3 months	7255-75	-27.5	7245-50	-35
Settlem't	7350	-50	—	......
Straits. E.	‡$1970	+10		......
New York	—	......		......

Morning: Standard, three months £7,260, 50, 60. Kerb: Standard, cash £7,350. Afternoon: Standard, cash £7,340, 20, three months £7,280, 80, 60, 50, 40, 45. High Grade, Cash £7,360. Kerb: Standard, three months £7,240.

LEAD—Lost ground in quiet and routine trading. Forward metal traded around £563 on the early pre-market but thereafter drifted on lack of interest and modest selling to close at £545 on the late kerb. Turnover: 5,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	577-8	-13.5	581-3	-7
3 months	544-5	-8.75	545-6	-5.75
Sett'ment	579	-15		......
U.S. Spot	—	......	*44	......

Morning: Three months £546, 45.5, 46, 48, 46. Kerb: Three months £545. Afternoon: Three months £545, 44, 45, 45.5. Kerb: Three months £545, 45.5, 46.

ZINC—Quietly easier in line with the trend in lead. Forward metal traded in a £3 range throughout the day prior to closing at £409 on the late kerb. Turnover: 5,250 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	396.5-7	-7.25	398.5-400.5	-2.5
3 months	407-.5	-5	410-.5	-2.25
S'ment	397	-6.5	—	......
Prim.west		......	*37-5	......

Morning: Cash £397, three months £408, 9, 7, 8. Kerb: Three months £409. Afternoon: Three months £408, 9, 10, 11, 10. Kerb. Three months £410.

ALUMINIUM—Barely changed on balance. Forward metal opened at £784 and dipped to £781 before recovering strongly to close at the day's high of £789 reflecting modest fresh buying and the absence of any selling pressure, although the narrowing in the backwardation followed an easing in the nearby supply situation. Turnover: 4,875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	792-3	-3.5	790-1	-4
3 months	785.5-6	-.75	785.5-7	+1.5

Morning: Cash £790, 91, 92, three months £783, 81, 82, 83, 85, 84.5. Kerb: Cash £793, three months £787. Afternoon: Cash £790, three months £783, 82, 84, 85, 87, 88, 87, 86.5. Kerb: Three months £785.5, 86, 89, 88, 89, 88.5.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 6.5p an ounce lower for spot delivery in the London bullion market yesterday at 365.4p. U.S. cent equivalents of the fixing levels were: Spot 750.5c, down 13.4c; three-month 767.5c, down 12.5c; six-month 784.1c, down 12.7c; and 12-month 810.6c, down 12.0c. The metal opened at 369½-370½p (759-761c) and closed at 368¼-367¼p (753-756c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	365.9p	-6.0	367.75p	-5.7
3 months	374.7p	-5.8	375.9p	-6.0
6 months	383.35p	-6.45	—	
12 months	391.35p	-6.15	—	

LME—Turnover 191 (372) lots of 10,000 ozs. Morning: Three months 373.5, 3.7, 3.3, 3.5, 3.7, 3.9, 74, 4.4, 4.5, 4.8, 4.5, 4.8, 75. Kerbs: Three months 375.5, 5.8. Afternoon: Three months 375, 5.2, 75, 74.9, 4.8, 75, 5.5, 5.8, 5.9. Kerbs: Three months 376, 6.5, 6.8, 6.9, 6.8, 6.6.

COCOA

Values were contained within a narrow range during a quiet day, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1656.0-63.0	+2.0	1659.0-53.0
May	1678.0-79.0	-1.0	1682.0-70.0
July	1684.0-86.0	-0.5	1675.0-62.0
Sept.	1698.0-90.0		1695.0-85.0
Dec.	1749.0-50.0	+2.75	1752.0-47.0
March	1778.0-80.0	+7.0	1789.0-72.0
May	1795.0-18.00	+2.25	

Sales: 1,655 (2,138) lots of 15 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 28: 151.28 (151.01). Indicator prices for March 29: 15-day average 153.50 (153.78); 22-day average 155.16 (155.77).

COFFEE

After opening slightly easier Robusta soon rallied as Commission House buying absorbed early trade selling pressure, reports Drexel Burnham Lambert. In the afternoon the market followed the recent trend as buying in the more distant months kept prices buoyant in somewhat quiet conditions. Good buying from one particular source in spot position distorted the recent differential pattern ensuring that March finished at a premium to May while mixed selling and profit-taking contributed to an easier close on all other positions, values closing at £13 up to £16 down from Wednesday.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1460-1470	+12.5	1475-1442
May	1463-1465	-8.5	1474-1455
July	1487-1490	-15.5	1505-1485
September	1511-1512	-12.0	1537-1510
November	1529-1533	-12.5	1564-1528
January	1531-1540	-14.5	1575-1558
March	1538-1540	-3.5	1575-1540

Sales: 5,718 (7,089) lots of 5 tonnes.

ICO indicator prices for March 28 (U.S. cents per pound): Colombian Mild Arabicas 137.50 (136.50); unwashed Arabicas 144.00 (same); Robustas ICA 1968 138.00 (137.50); Robustas ICA 1976 137.50 (137.00); other Mild Arabicas 134.50 (132.83). Composite daily average 132.41 (131.98).

RUBBER

FIRM opening on the London physical market. Good interest throughout the day, closing quietly steady. Lewis and Peat reported a Malaysian godown price of 267½ (264) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
May	62.55-62.60	62.65-62.10	62.50
June	64.25-64.30	63.10-63.15	64.55-64.00
Jy-Sept.	66.00-66.05	64.70-64.75	66.40-65.85
Oct-Dec	67.65-67.70	66.65-66.70	68.35-67.20
Jan-Mar	69.10-69.20	68.45-68.50	69.55-68.90
Apr-Jne	71.00-71.25	70.25-70.40	71.90-70.95
Jy-Sept.	73.00-73.05	72.40-72.50	73.50-72.90
Oct-Dec	75.05-75.10	74.40-74.45	75.50-74.75
Jan-Mar	77.10-77.15	76.35-76.50	77.10-76.80

Sales: 141 (28) lots of 5 tonnes, 895 of 15 tonnes.

Physical closing prices (buyers) were: Spot 62p (61.0p); May 63.25p (62.5p); June 63.75p (63.25p).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 20 higher on old crops and in nervous trading. Values fluctuated between 10-30 higher in featureless conditions. New crop found fresh chartist and speculative support and in conservative trading conditions closed steady between 25-35 points higher with some commercial support seen for barley. Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
May	99.75	+0.1	95.65	+0.10
Sept.	93.20	+0.35	87.05	+0.3
Nov.	96.30	+0.35	90.25	+0.35
Jan.	99.95	+0.30	93.85	+0.3

Business done—Wheat: May 99.90-99.75, Sept. 93.20-93.10, Nov. 96.35-96.20, Jan. 99.85-99.85. Sales: 147. Barley: May 95.85-95.65, Sept. 87.05-86.95, Nov. 90.20-90.10, Jan. 93.85-93.70. Sales: 211.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent April/1st half May 83, May 82, June 80.75, transhipment East coast. U.S. Hard Winter 13½ per cent March 89.75, transhipment East coast. EEC unquoted. Maize: U.S./French April 110, May 111, transhipment East coast. South African white, unquoted. South African Yellow May 74.00. Barley: English feed fob April 97, April/June 98.75, Oct./Dec. 92, Jan./March 97.50, East coast.

HGCA—Location ex-farm spot prices. Other Milling Wheat: N. Lincoln 100.80. Feed Barley: N. Lincoln 92.50, Hants and W. Sussex 93.60.

The UK monetary coefficient for the week begining April 2 (based on HGCA calculations) will remain unchanged.

Business done—Wheat: May 99.90-99.75, Sept. 93.20-93.10, Nov. 96.35-96.20, Jan. 99.85-99.85. Sales: 147. Barley: May 95.85-95.65, Sept. 87.05-86.95, Nov. 90.20-90.10, Jan. 93.85-93.70. Sales: 211.

EEC IMPORT LEVIES—The following levies and premiums are effective for March 30 in order of current levy plus April, May and June premiums (with previous in brackets) all in units of account per tonne. Common wheat: 85.52, nil, nil, 4.11 (85.52, nil, nil, 4.11). Durum wheat: 130.81, nil, nil, 1.22 (130.81, nil, nil, 1.22). Rye: 87.68, nil, nil, 0.91 (87.68, nil, nil, 0.30). Barley: 90.56, 0.18, 0.18, 0.18 (90.56, 0.18, 0.18, 0.18). Oats: 86.91, rest nil (86.91, rest nil). Maize (other than hybrid for seeding): 77.30, 0.61, 0.61, 0.61 (77.30, 0.91, 0.91, 0.91). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 80.42, rest nil (80.42, rest nil). Grain sorghum: 86.50, rest nil (86.50, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 131.51 (131.51). Rye flour: 133.68 (134.62).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
April	127.00-28.0	+0.05	127.10-126.60
June	128.50-28.5	+0.05	129.50-128.80
August	130.80-31.0	+0.45	131.50-131.00
October	129.50-30.0	+0.7	—
December	[illegible]-27.5	+0.5	—
February	126.00-29.0	+0.55	—
April	127.50-30.0		—

Sales: 49 (81) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (same) a tonne cif for March-April shipment. White sugar daily price was fixed at £104.00 (same).

Opening quotations were unchanged but prices slipped somewhat later following lower New York levels, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	107.30-07.50	108.55-08.75	108.75-07.75
Aug.	111.55-11.60	112.45-12.50	112.50-11.45
Oct.	114.45-14.55	115.55-15.40	115.40-14.40
Dec.	117.55-17.45	117.85-18.00	118.00-17.50
March	121.50-21.75	122.20-22.40	122.50-21.50
May	[illegible]	[illegible]	[illegible]
Aug.	126.50-26.55	128.50-27.10	127.10-27.00

Sales: 1,112 (1,108) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £171.50 (171.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for March 28: Daily 8.41 (8.43); 15-day average 8.48 (same).

HIDES. Manchester, slightly weaker: Second clear ox 31/35.5 kilos, withdrawn 99p a kilo (103p); 26/30.5 kilos, 109.5p (withdrawn 110.5); 22/25.5 kilos, 118.5p (withdrawn 120.5). Light cows 113p (116).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 108.10, 108.20, 108.25-108.00, 70; Sept. 113.25, 113.50, 113.50-113.40, 10; Nov. 116.75, 117.00, 117.35-117.00, 43; Feb. 124.60, 125.00, 125.00, 30; April 129.05, 129.25, nil, nil; July 132.00, 133.50, nil, nil; Sept. 136.00, 137.50, nil, nil. Sales: 153.

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller). March 237.0, 243.0; May 243.0, 247.0; July 247.0, 253.0; Oct., Dec., March, May, July all 250.0-256.0. Sales: nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 197.0, 204.0; May 198.0, 202.0; July 202.0, 208.0; Oct. 205.0, 207.0; Dec. 207.0, 211.0; March, May, July all 207.0-213.0. Sales: nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron Contract: May 411.0, 414.0, 412.0-411.0, 21; July 420.0, 423.0, 423.0-421.0, 41; Oct. 413.0, 415.0, 414.2-412.9, 38; Dec. 409.0, 410.0, 413.0-410.0, 96; March 412.0, 414.0, 414.2-413.0, 12; May 415.0, 416.0, 416.0-415.5, 12; July 417.5, 418.0, 418.5-417.5, 12. Sales: 231.

BRADFORD—Topmakers, who quoted less for merinos earlier this week, have not raised asking prices in every case and quotations for crossbreds tend to be a little lower, dealers said. One or two merino topmakers, however, are asking appreciably more. The market is mainly affected by lack of business.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 54.0 to 58.0; Eire hindquarters 66.0 to 70.0, forequarters 34.0 to 38.0.

Lamb: English small 60.0 to 70.0, medium 60.0 to 74.0, heavy 58.0 to 65.0; Scottish medium 68.0 to 70.0, heavy 54.0 to 64.0. Imported frozen: NZ PL new season 48.0 to 49.0, PM 47.5 to 48.0.

Pork: English, under 100 lb 38.5 to 45.0, 100-120 lb 36.5 to 44.0, 120-160 lb 34.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—Spania: Navels 3.20-3.60, Bloods 3.00-3.40; Israeli: Shamouti 4.40-5.40; Cyprus: 3.30-4.20; Moroccan: Valencia Lates 3.80-4.00. Ortaniques—Jamaican: 46/126 5.50-8.50. Lemons—Italian: 120's 5.00; Cyprus: Trays 3.40-4.30, cartons 126/180's 4.00-5.00; Spania: Trays 30/40/45 2.20-2.40. Grapefruit—Cyprus: 2.50-4.20; Israeli: Jaffa 27/88 3.45-4.25. Apples—S. African: Dunn's 6.00-6.80, Golden Delicious 7.50-7.80; French: Golden Delicious (40 lb) 138/175's 3.30-4.50, (20 lb) 72's 2.10-2.20, 84's 1.80-1.90; Granny Smith (40 lb) 138/163 4.50-6.00, (20 lb) 72's 2.80, 84's 2.40, (jumble pack) per pound 0.08-0.10, Starkrimson (40 lb) 138/198's 4.00-5.60, (20 lb) 84's 1.80-2.00, 72's 2.00-2.20, (jumble pack) per pound 0.08; Starking (40 lb) 150/175's 3.80-5.00; Hungarian: Starking (40 lb) 4.80; Italian: Granny Smith per pound 0.10-0.11. Pears—Per pound, Italian: Passacrassane 0.14; S. African: Williams Bon Chretien 6.60, Beurre Hardy 6.20. Plums—S. African: Per pound Kelsey/Sungold 0.50-0.55, Gold King 0.52-0.53. Bananas—Jamaican: Per 28 lb 4.00-4.50. Pineapples—S. African: 10/11's 3.60-4.30; Ivory Coast: Each 0.40-0.80. Grapes—S. African: Cartons, Alphonse 5.50, Waltham Cross 5.60, Barlinka 5.70, Prune de Cazoul 5.30, New Cross 5.00. Strawberries—Per 8 oz Israeli: 0.53-0.55; Spanish: 0.55. Avocados—Israeli: 3.50-3.60. Melons—Chilean: White 15 kg 5.50, Green 8/11 6.00; S. African: Small boxes 2.50-3.00; Colombian: Green 4.50, Yellow 4.00. Onions—Dutch: 1.80-2.40; S. African: 22 lb 1.80; Hungarian: 55 lb 2.40; Canadian: 50 lb 3.00; Polish: 55 lb 2.50-3.60; Chilean: 5.30-5.50. Tomatoes—Canary: 4.20-5.00; Jersey: Per pound 0.52-0.55. Cucumbers—Canary: 10/16's 2.40-3.00; Dutch: 12/16's 3.00-3.20; Romanian: 12's 3.20. Cauliflowers—French: 24's 8.30-8.50; Jersey: 9.00-9.50. Lettuce—Dutch: 24's 4.00; French: 12's 2.00. Celery—Spanish: 15/36's 3.60-4.50; Florida: 36's 7.50. Cabbages—Dutch: White, net 5.60-5.80; W. Germany: 5.30-5.50. Potatoes—Canary: 25 kg 4.30-4.60; Egyptian: 50 lb 4.00-4.30. Capsicums—Canary: 5 kg 5.00; Cuban: 3.60.

English produce: Potatoes—Per 25 kg 1.70-2.20. Lettuce—Per 12 round 2.00-2.20. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley 0.05-0.11; Cox's Orange Pippin 0.08-0.17; Spartan 0.06-0.10; Laxtons 0.05-0.06. Pears—Per pound Conference 0.11-0.16. Beetroot—Per 28 lb 0.80. Carrots—Per 28 lb 1.20-1.60. Onions—Per 28 lb 1.80-2.60. Rhubarb—Per pound 0.18-0.24. Swedes—Per 28 lb 1.00-1.20. Turnips—Per 28 lb 1.00-1.20. Parsnips—Per 28 lb 1.30-1.40. Sprouts—Per pound 0.20. Cucumbers—Trays 12/18's 2.80-3.40. Tomatoes—Per pound 0.48-0.54.

MEAT COMMISSION—Average fatstock prices at representative markets on March 29. GB cattle 73.05p per kg. l.w. (+0.20); UK sheep 172.6p per kg. est d.c.w. (+5.8); GB pigs 59.8p per kg. l.w. (+0.2). England and Wales: Cattle numbers down 8.9 per cent, average price 73.64p (+0.42); Sheep numbers up 5.2 per cent, average price 171.9p (+5.7); Pig numbers down 28.4 per cent, average price 59.8p (+0.2). Scotland: Cattle numbers up 24.4 per cent, average price 71.58p (−0.24).

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.80-£4.40, codlings £2.40-£3.90; large haddock £3.80-£4.00, medium £3.20-£4.00, small £2.40-£3.20; large plaice £3.00-£3.60, medium £2.20-£3.60, best small £3.50-£4.80; medium skinned dogfish £10.00; large lemon soles £10.00, medium £9.00; Saithe £2.60-£3.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 29 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cs)	$1,500/30	......	$1,475/85
Copper			
Cash w'bar	£1046.5	+5.75	£1,010
3 mth	£1057.25	+6.75	£1,025.75
Cash Cathode	£1039.5	+5.5	£1,002
3 mth	£1050	+6.0	£1,016.75
Gold troy oz	$241.375	-1.35	$251.625
Lead cash	£582	-7.0	£549
3 mth	£545.5	-5.75	£513.25
Nickel	£2523.14	......	£2,520.68
Freemkt(cif)(lb)	$45/50c	......	$202/15
Platin'm tr'y oz	£164.5	......	£164.5
Free mkt	£194.2	-4.2	£205.5
Quicksilver	$255/60	-2.5	$228/35
Silver troy oz	365.9p	-6.0	380p
3 months	374.7p	-5.8	380.6p
Tin cash	£7,315	-45.0	£7,280
3 mths	£7247.5	-25.0	£7,215
Tungsten	$157.51	......	$127.94
Wolfrm 22.04 cif	$154/59	......	$139/46
Zinc cash	£400	-2.5	£395.5
3 months	£410.25	-2.25	£409.25
Producers	$800	......	$800
Oils			
Coconut (Phil)	$1,015y	+5.0	$985
Groundnut	‡	......	‡
Linseed Crude	£441r	......	£405
Palm Malayan	$694r	+10.0	$702
Seeds			
Copra Philip	$690s	......	$680
Soyabean (U.S.)	$321.6r	+2.3	$312.3
Grains			
Barley Futures	£87.05	+0.3	£85.5
Maize			
French No3 Am	£110w	......	£109.5
Wheat			
No. 1 Red Spg	‡	......	‡
No3 Hard Wint	£89.75	......	£88
Eng. Milling	£103r	......	£98.5
Other commodities			
Cocoa ship't	£1,714	......	£1,827
Future May	£1,678.5	-1.0	£1,794.5
Coffee F't'r May	£1,464	-8.5	£1,352
Cotton A'index	73.95c	+0.4	77.05c
Rubber kilo	62p	+1.0	61.25p
Sugar (Raw)	£103	......	£104
Wooltp's 64s kl	281p	+3.0	284p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, March 28.

Cocoa—May 144.70 (147.30), July 147.25 (149.25), Sept. 149.20, Dec. 152.50, March 155.25, May 156.75, July 158.05. Sales: 461.

Coffee—"C" Contract: May 137.25-137.35 (135.62), July 140.25 (139.04), Sept. 144.00-144.25, Dec. 143.75-144.25, March 143.00-143.25, May 142.75-143.25, July nil. Sales: 831.

Copper—April 96.60 (94.55), May 97.30 (95.25), July 97.65, Sept. 97.50, Dec. 97.35, Jan. 97.20, March 97.05, May 96.90, July 96.70, Sept. 96.50, Dec. 96.35, Jan. 96.25.

Cotton—No. 2: May 59.65-59.84 (59.27), July 61.86-61.90 (61.41), Oct. 63.50, Dec. 63.55-63.70, March 64.80, May 65.85-66.00, July 66.85-67.25.

*Gold—April 242.30 (242.80), May 244.50 (245.20), June 246.90, Aug. 251.30, Oct. 255.70, Dec. 260.10, Feb. 264.60, April 269.10, June 273.60, Aug. 278.10, Oct. 282.70, Dec. 287.30.

Orange Juice—May 103.80-103.90 (101.45), July 104.20-104.40 (102.40), Sept. 104.50, Nov. 100.70, Jan. 96.80-97.00, March 97.70, May 98.00, July 98.50-98.60.

*Platinum — April 399.50-400.00 (399.70), May 401.50-401.80 (400.00), June 400.90-401.10, July 399.00-400.50, Oct. 400.70-401.00, Jan. 402.50, April 405.00, July 406.80-408.00, Oct. 407.70-407.90.

Potatoes (round whites)—Nov. 60.5 (60.9), March 67.5 (67.5), April nil, May 81.5.

¶Silver—April 765.00 (761.40), May 771.50 (767.40), July 781.00, Sept. 790.60, Dec. 804.70, Jan. 808.20, March 818.60, May 828.00, July 837.50, Sept. 847.00, Dec. 851.50, Jan. 866.20. Handy and Harman spot 765.50 (762.50).

Sugar—No. 11: May 8.62 (8.57), July 8.90 (8.87), Sept. 9.12, Oct. 9.25, Jan. 9.47, March 9.87, May 10.06, July 10.24.

CHICAGO, March 28.

Lard—Chicago loose 29.50 (29.00). New York prime steam 31.00 traded (30.50 traded).

Live Cattle—April 46.00-46.85 (45.70), June 48.30-48.50 (48.25), July 49.12-49.20, Aug. 48.65-48.75, Oct. 43.30 bid-43.50, Dec. 43.85-43.10, Feb. 43.30, April 41.65 asked-41.55, June 44.00. Sales: 9,453.

‡‡Maize—May 251¼-251½ (249), July 254¾-254½ (252), Sept. 258¾-258, Dec. 263½-263¾, March 271¾-272, May 277½.

Plywood—May 200.5-200.8 (200.8), July 201.0 (201.0), Sept. 201.0, Nov. 200.0, Jan. 201.0, March 201.0 nom., May 203.5 nom.

Pork Bellies—May 56.00-55.90 (56.70), July 55.65-55.40 (56.50), Aug. 53.60-53.55. Sales: 6,432.

Silver—April 764.5-764.0 (760.6), May 770.0 (766.7), June 777.5-776.5, Aug. 787.0-787.5, Oct. 797.0, Dec. 806.5, Feb. 816.0, April 825.5, June 834.5, Aug. 844.0, Oct. 853.5, Dec. 863.0, Feb. 873.0, April 883.0, June 893.0 nom., Aug. 903.0 nom., Oct. 911.0, Dec. 921.5.

‡Soyabeans—May 781½-783 (776), July 789-790½ (783½), Aug. 781½-783, Sept. 743, Nov. 719-718½, Jan. 725½-727, March 737-738, May 744½.

Shell Eggs—April 54.40 bid (53.35), May 52.50-52.40 asked (51.90), June nil, Sept. 60.05, Nov. nil, Dec. 62.65 bid. Sales, 81.

¶Soyabean Meal—May 204.40-204.50 (203.60), July 207.50-207.60 (206.70),

This edition went to press before the latest U.S. commodity prices were available.

Aug. 206.80, Sept. 203.00, Oct. 197.80-198.00, Dec. 197.00-197.40, Jan. 197.00-197.10, March 198.80-199.20.

Soyabean Oil — May 28.20-28.18 (27.90), July 28.30-28.25 (27.95), Aug. 28.05-28.09, Sept. 27.20-27.25, Oct. 26.35-26.30, Dec. 25.80-25.90, Jan. 25.75-25.80, March 25.75-25.65, May 25.58-25.60, July 25.45-25.50.

‡Wheat—May 348¼-348 (347¼), July 328-328¼ (328¾), Sept. 331, Dec. 341¼-341, March 348½.

WINNIPEG, March 1. §Rye—May 109.70 bid (109.30 bid), July 106.90 asked (106.00 bid), Oct. 107.00, Dec. 106.80 bid.

§Barley—March 84.00 bid (82.30 bid), May 84.00 asked (82.20 asked-82.30), July 83.60 asked, Oct. 85.80 asked, Dec. 85.00.

§Oats—March 82.00 bid (81.70 bid), May 81.80 (80.40 bid), July 80.70 asked, Oct. 83.70 asked, Dec. 83.30 asked.

§Flaxseed—May 346.00 (347.00), July 336.60 asked (337.20 asked), Oct. 328.10 asked, Nov. 320.00 bid, Dec. 316.10 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 185.66.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 29.

Maize—U.S. No. 3 Corn Yellow Afl. $128, traded Afl. $130, March $128.50, April $126.50, May $126.25, June $124.75, July-Sept. $124.75, Oct.-Dec. $126.75, Jan.-March $132 sellers.

PARIS, March 29.

Cocoa (FFr per 100 kilos)—March 1350-1450, May 1432-1435, July 1420 bid, Sept. 1465-1468, Dec. 1485-1493, March 1490 bid. Sales at call nil. Accumulative total 41.

Sugar (FFr per 100 kilos)—May 906-909, July 923-928, Aug. 944-948, Oct. 986-990, Nov. 980-995, Dec. 1014-1018, March 1055-1060, May 1075-1080. Sales at call 1.

INDICES

FINANCIAL TIMES

Mar. 28	Mar. 27	M'nth ago	Year ago
275.09	274.26	271.28	237.52

(Base: July 1, 1952=100)

MOODY'S

Mar. 28	Mar. 27	M'nth ago	Year ago
1046.8	1057.0	1051.9	906.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 28	Mar. 27	Month ago	Year ago
Spot	379.59	379.91	382.04	363.33
F'tur's	388.46	386.73	380.47	353.10

(Average 1924-25-26=100)

REUTERS

Mar. 29	Mar. 28	M'nth ago	Year ago
1572.1	1574.9	1554.5	1435.2

(Base: September 18, 1931=100)

...EGAL NOTICES

COMPANIES ACTS 1948 to 1967
...AT-FRIG (MIDLANDS) LIMITED

...TICE IS HEREBY GIVEN, pursuant ...ction 293 of the Companies Act ... that a Meeting of the Creditors ...e above-named Company will be ...at the offices of Leonard Curtis & ...situated at 3/4 Bentinck Street, ...on W1A 3BA, on Wednesday, the ...day of April, 1979, at 12 o'clock ...y, for the purposes mentioned in ...ns 294 and 295 of the said Act.

...ed this 22nd day of March 1979.

By Order of the Board.
ERNEST TAGG,
Director.

IN THE MATTER OF
...WM. BIGNELL & SON LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

...TICE IS HEREBY GIVEN that the ...itors of the above-named Company, ...h is being voluntarily wound up, ...equired, on or before the 10th day ...April, 1979, to send in their full ...tian and surnames, their addresses ...descriptions, full particulars of their ...s or claims, and the names and ...esses of their Solicitors (if any), to ...undersigned

IVOR WALTER FREEMAN,
of 124/130, Seymour Place,
London W1H 6AA,

Liquidator of the said Company, ...if so required by notice in writing ... the said Liquidator, are, person... ...or by their Solicitors, to come in ...prove their debts or claims at such ... and place as shall be specified in ... notice, or in default thereof they ...be excluded from the benefit of any ...ibution made before such debts are ...ed.

...ted this 24th day of March, 1979.

IVOR WALTER FREEMAN,
Liquidator.

...is Notice is purely formal. All ...wn Creditors have been paid in full.

IN THE HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matters of:
No. 00831 of 1979
T. & D. FLOORING LIMITED
No. 00833 of 1979
MICHELAINE PRODUCTS LIMITED
No. 00836 of 1979
DUKES ROAD INVESTMENTS LIMITED
and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that petitions for the winding up of the above named Companies by the High Court of Justice were on the 19th day of March 1979 presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London WC2R 1LB and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, on the 30th day of April 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel, for that purpose, and a copy of the Petition will be furnished to any creditor or contributory of any of the said Companies requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
London, WC2R 1LB.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of April, 1979.

Markets extremely volatile after Government defeat

Index holds only 2.5 of early 19.5 jump—Gilts below best

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18
Apr. 9	Apr. 19	Apr. 20	May 1

* "New time" dealings may take place from 9.30 am two business days earlier.

The Government's overnight defeat and the prospect of a Conservative victory in the general election were given a warm welcome in stock markets yesterday. Within 30 minutes of the opening, the FT 30-share index sailed through its all-time peak with a leap of 19.5 points and Government stocks also made an extremely strong start. But enthusiasm cooled suddenly and equities gradually fell away for the most part and left the index a mere 2.5 up on the day at 540.8, a small rise relatively but an impressive one when seen in context with the index's advance of nearly 65 points over the past four weeks.

Well before the official start of business yesterday, indications were that the institutions would be avid buyers and this was soon confirmed. In the first hour, a hectic trade took place with some investment orders being too sizeable for the market. The enhanced price levels, however, proved to be too much of a temptation for many holders and a large amount of profit-taking developed, mainly from public sources, while institutional investors retreated to the sidelines.

At one stage, it seemed likely that the index would actually settle lower on balance but a technical rally in the afternoon relieved the downward pressure before values again moved easier in the final trade. Leading industrials were more volatile than secondary stocks and some index constituents had gains of 20p-plus whittled away to a few pennies, while others ended slightly lower on the day. Oils and companies with large dividend covers were again sought after; **British Petroleum**, for example, rose nearly 40p and **GEC** put on 10p.

Gilt-edged securities surged ahead in another good business. Aggravatead by increasing stock shortage, the gains extended to three points among high-coupon longs prior to profit-taking which pared the improvements to two points. A similar trading pattern at the shorter end of the market saw gains there reduced from 1¼ to a point. The FT Government Securities index rose 1.04 more to 75.34 for an advance of over 15 per cent in less than six weeks.

Hopes that a Tory Government may help towards a lasting settlement in Rhodesia prompted support of Southern Rhodesian bonds which, in thin trading, jumped around 10 points; the 6 per cent 1978-81 issue rose that much to £105 and the 2½ per cent 1965-70 gained 6 to £70.

Hudson's Bay returned from suspension, in Canadians, following the George Weston bid to close at £17⅞ against the pre-suspension price of £15¾.

Fears about a possible relaxation of exchange controls should the Tories be victorious in the election remained dominant in the investment currency market. Trade was even larger than on Wednesday, but an early fall in the rate to 50 per cent induced sizeable institutional and other support which caused the premium to rebound to the overnight level of 56¼ per cent. Yesterday's SE conversion factor was 0.8141 (0.8006).

The Traded Options market reflected active equity business and a todtal of 4,256 contracts were dealt, 437 higher than the previous record which was set on Tuesday.

Banks below best

Although finishing around 12 below the day's highest, the major clearing banks still recorded gains which ranged to 15. **Barclays** ended that much better at 470p, after 482p. Discounts continued to mirror the buoyancy of gilt-edged securities and featured **Alexanders**, 12 up at 287p. Among merchant banks, **Hambros** put on 6 more to 256p, after 260p, while improvements of 7 and 10 respectively were seen in **Brown Shipley**, 265p, and **Leopold Joseph**, 185p.

Foreign issues, however, gave further ground in sympathy with fresh early weakness in the investment currency premium. **Deutsche** fell 5¼ points to £85½, while **National Bank of Australasia** dipped 13 to 155p.

Composite Insurances drifted from a firm start to close a shade easier on balance. Against the firm trend in Lloyd's brokers, **Alexander Howden** declined 8 to 118p in reaction to the disappointing results.

Breweries opened with widespread double-figure gains, and despite later profit-taking the leaders retained useful rises to 9. Recently firm **Davenports** encountered country selling and fell 9 to 116p.

Marked sharply higher at the outset, leading Building issues failed to maintain the early impetus. **Blue Circle** finished 6 higher at 344p, after 348p, and **London Brick** reverted to unchanged at 78p, after 80p, while **Tarmac** progressed to 197p before profit-taking left the price a net penny easier on balance at 190p. **Leyland Paint** touched 139p awaiting the annual results, but encountered selling on the announcement and closed a penny up on balance at 134p. **Royco** firmed 3 to 56p in response to the annual results and proposed capital repayment and preliminary profits in line with market estimates left **Mixconcrete** a penny harder at 81p. Still responding to the recent trading statement, **Gibbs and Dandy A** added 6 to 50p.

Up 14 at the outset, **ICI** slipped steadily back and closed only a penny higher on balance at 406p, while **Fisons** displayed a fall of 10 at 317p after early firmness at 330p. Among other Chemicals, disappointing annual results left **Coates Brothers** a penny off at 86p and news that FMC Corporation's proposed acquisition of the company had been referred to the Monopolies Commission left **Alginate** 5 cheaper at 325p.

Austin Reed pleases

Up to 18 higher initially, leading Stores subsequently encountered profit-taking and final quotations were well below the day's best. **Gussies A** closed 4 to the good at 418p, after 432p, while **Marks and Spencer** finished 5 better at 117p, after 124p. **Burton Ordinary** rose 5 afresh to 330p, after 338p, the A 6 to 302p and **Warrants** 8 to 153p. **House of Fraser**, however, spoilt the sequence, falling 4 to 171p following the disappointing results. Elsewhere, **Austin Reed** jumped 19 to 145p on the good profits, property revaluation and proposed 50 per cent scrip issue. Comment on the results helped **Bambers** advance 15 to 225p, after 230p, while **Empire**, results due on April 11, rose 12 to 238p. **Hardy and Co. (Furnishers)** gained 9 to 86p and the A 7 to 62p in response to Press comment and **Freemans** appreciated 6 to 186p ahead of Monday's annual figures. Jewellery concerns remained popular ahead of Tuesday's Budget with **Ernest Jones** rising 11 afresh to 255p.

The Electrical leaders followed the general trend, closing little altered after a sharp improvement at the start. **GEC**, however, bought on its dividend potential, finished the day with a rise of 10 at 420p, after 433p. Elsewhere, **United Scientific** rallied 4 to 266p, after the previous day's drop of 32 on news that contracts with Iran for the Chieftain tank had been terminated. **MK Electric** rose afresh to 260p before settling at 255p for a rise of 5. On the other hand, **AB Electronic** closed a few pence lower at 214p awaiting today's interim statement.

GKN, preliminary results due next Thursday, rose to 278p before renewed selling left the price at 269p, down 7. Elsewhere in the Engineering leaders, **John Brown** finished without alteration at 553p, after 570p, while **Hawker** ended with a loss of 4 at 258p, after touching 278p. Among secondary issues, demand in a market none too well supplied with stock lifted **Wolseley-Hughes** 18 to 310p. **Vosper** firmed 6 to 230p awaiting today's preliminary statement.

Associated Dairies featured Supermarket issues with a rise of 15 to 288p, after 295p. **J. Sainsbury** finished 4 up at 316p, while **William Morrison** and **Hillards** both added 9 to 139p and 291p respectively. Elsewhere, **Alpine Soft Drinks** were supported at 169p, up 13.

In Hotels and Caterers, **Grand Metropolitan** ended 6 to the good at 160p, after 163p, **Trust House Forte** finished 8 up at 343p, after 346p, and **Ladbroke** closed 6 higher at 222p, after 227p.

Solicitors Law dull

A wave of buying brought early gains to 36 in miscellaneous Industrial leaders, but prices subsequently ran back steadily on profit-taking to close mixed. Consideration of the company's dividend cover prompted considerable buying of **Unilever** which touched 680p before closing 22 up on the day at 666p. **Beecham** closed 5 off at 728p, after 755p, and **Glaxo** finished 2 lower at 598p, after 620p. Elsewhere, **Booker McConnell** gained 15 to 308p following the results, while **Biddle**, 122p, and **Bruntons Musselburgh**, 119p, appreciated 9 and 5 respectively, also following trading news. Second-thoughts about the results helped **Royal Worcester** rise 12 to 190p but **Solicitors' Law Stationery** fell 10 to 46p on the sharp contraction in annual earnings and the omission of a final dividend.

Investment currency influences continued to drag overseas issues lower and **Broken Hill Proprietary** fell 45 to 755p.

Lucas provided an isolated weak spot in a generally firmer Motors sector, losing 13 at 285p following the announcement of interim profits well below market expectations. **Zenith** again came on offer on the depressing results, easing 5 for a loss of 17 to 72p since the statement, while elsewhere in Components, **Wilmot Breeden** slipped 3½ to close at 115½p after Rockwell's decision not to increase their offer above the present 115p per share.

Following the better-than-expected preliminary profits, **News International** spurted 11 to 336p. **BPM** added 8 for a two-day gain of 16 to 100p on the doubled interim profits, while **East Midland Allied Press** moved ahead 7 to a 1978-79 peak of 80p. Conservative advertising agents **Saatchi and Saatchi** rose 15 to 202p.

Early gains in active Properties were subsequently pared by profit-taking. **Land Securities** finished a couple of pence higher at 300p, after 303p, while **British Land** reverted to unchanged at 74p, after 75½p. Elsewhere, speculative demand lifted **Westminster and Country** 4½ to 37p and, in a thin market, **Property Partnerships** gained 7 to 170p. Still reflecting the satisfactory annual results, **Slough Estates** firmed 3 for a two-day rise of 7 to 164p.

Oils in demand again

Oil shares put on another strong performance yesterday. Leading issues moved ahead in extremely active trading and, despite periodic bouts of profit-taking, closing quotations were at, or near, the day's best. **British Petroleum** advanced 39 more to 1184p, while **Shell** touched 778p before settling at 774p for a rise of 27. **Royal Dutch**, down 1¾ at £41, reflected the dollar premium.

S. and W. Berisford became prominent in Overseas Traders with a rise of 11 at 207p. Rumours that **Inchcape** might bale **P and O** out of its present problems left the former 14 cheaper at 321p, but the last-mentioned, helped also by a Press suggestion of a bid from Lonrho, rallied 5 to 83p.

Falls in Mines

Mining markets came under renewed pressure from the further sharp fall in the investment currency premium. After being marked down at the outset overseas issues were persistently sold throughout the day as fears grew that the premium may be abolished, along with other exchange controls, if the Conservatives win the May 3 election.

London-registered Financials moved ahead initially, reflecting the boom in the equity market, but subsequently fell away to register minor losses on balance.

Already weakened by the fall in the premium, Golds came under additional pressure following the decline in the bullion price. Selling was by no means heavy but losses among the heavyweights extended to £1¼ as in **Randfontein**, £26¼. The reductions in mining company taxation included in the South African budget had little or no effect on the market.

Heavy losses in South African Financials, Platinums and Coppers purely reflected the fall in the premium. **Transvaal Consolidated Land** dropped £3 to £15, **Amcoal** 80 to 820p, **Anglo American Investment Trust** £2¼ to £39¼ and **Impala Platinum** 18 to 180p. **Palabora** gave up 20 to 560p.

Among sharply lower Australians **Broken Hill South** fell 10 to 97p and **Oakbridge** a like amount to a 1978-79 low of 94p, while Tins showed losses of 20 common to **Petaling** and **Ayer Hitam** at 215p and 330p respectively.

FINANCIAL TIMES STOCK INDICES

	March 29	March 28	March 27	March 26	March 23	March 22	A year ago
Government Secs.	75.34	74.30	74.15	73.03	73.05	[illegible]	74.05
Fixed Interest	75.26	75.92	74.41	73.56	73.75	[illegible]	77.77
Industrial	540.8	538.3	539.2	530.3	534.6	514.6	467.7
Gold Mines	152.3	156.9	159.7	161.1	161.7	159.1	182.8
Gold Mines (Ex-$ pm)	124.0	125.6	123.5	122.2	122.9	123.3	104.6
Ord. Div. Yield	5.27	5.30	5.30	5.40	5.35	5.55	5.77
Earnings, Y'ld % (full)	14.01	14.05	14.11	14.35	14.30	14.76	17.04
P/E Ratio (net) (*)	9.09	9.04	9.05	8.90	8.97	8.65	8.94
Dealings marked	8,157	9,654	7,654	8,079	6,656	7,344	5,045
Equity turnover £m.	—	165.67	167.34	140.14	229.85	155.78	72.87
Equity bargains total	—	32,806	36,956	32,059	32,500	27,634	19,238

10 am 557.8. 11 am 553.7. Noon 547.1. 1 pm 542.0. 2 pm 540.3. 3 pm 542.3.
Latest Index 01-246 8026.
*Nil=8.75.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	76.58 (8/1/79)	64.64 (8/2/78)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	540.8 (29/3/79)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (28/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	March 29	March 28
—Daily		
Gilt Edged	107.0	145.0
Industrials	318.8	380.2
Speculative	37.2	42.2
Totals	185.8	217.5
5-d'y Av'r'ge		
Gilt Edged	112.5	119.5
Industrials	313.1	305.0
Speculative	43.0	41.2
Totals	183.3	179.7

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (478)

BRITISH FUNDS (14)
CORPORATION LOANS (1)
COMMONWLTH. & AFRICAN LOANS (2)
LOANS (3)
BANKS (20)
BEERS (18)
BUILDINGS (32)
CHEMICALS (6)
DRAPERY & STORES (39)
ELECTRICALS (22)
ENGINEERING (28)
FOODS (10)
HOTELS (7)
INDUSTRIALS (80)
INSURANCE (12)
LEISURE (7)
MOTORS (9)
NEWSPAPERS (6)
PAPER & PRINTING (8)
PROPERTY (44)
SHIPPING (2)
SHOES (7)
TEXTILES (13)
TOBACCOS (3)
TRUSTS (57)
OILS (15)
OVERSEAS TRADERS (2)
RUBBERS (1)
TEAS (2)
MINES (1)

NEW LOWS (38)

AMERICANS (11)
American Express — Gillette
Colgate Palmolive — I.U. International
First Chicago Corp. — Manufacturers Hanover
Ford Motor — Norton Simon
GATX — Singer
General Electric

CANADIANS (2)
Canadian Imp. Bank — Int. Nat. Gas

BANKS (4)
Commercial Bank of Australia — Copenhagen Handelsbank
Deutsche Bank — Nat. Bank of Aust.

BUILDINGS (1)
Jennings

ELECTRICALS (2)
BSR — Motorola Inc.

ENGINEERING (2)
Christy Bros. — Thyssen Akt.

FOODS (1)
Kraft

INDUSTRIALS (7)
Baxter Travenol — Jardine Matheson
Borg-Warner — Solicitors' Law
Continental Group — Trans. Union
Fairbairn Lawson

MOTORS (2)
General Motors — Zenith A

PROPERTY (1)
Lend Lease

TRUSTS (2)
Jardine Secs. — Mannesmann Mgmt.

MINES (3)
East Daggafontein — Supreme Corp.
Oakbridge

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	78	—	3
Corpns., Dom. and Foreign Bonds	39	1	24
Industrials	[illegible]	370	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	22	7	9
Plantation	12	6	14
Mines	9	[illegible]	31
Recent Issues	12	3	17
Totals	[illegible]	571	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	288	—	338	1	348	—	1180p
BP	1050	138	1	212	35	230	10	"
BP	1100	92	50	170	12	188	[illegible]	"
BP	1150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	177p
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	227p
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	115p
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	420p
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	160p
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	407p
Land Secs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	300p
Marks & Sp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	112p
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	775p
Totals			1256		1927		278	

Option	Ex'rc'se price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
BOC Intl.	70	[illegible]	20	11	—	16	10	75p
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	227p
EMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	126p
Imperial Gp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	109p
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	315p
Totals			505		248		71	

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 20	Apr. 2	Jun. 14	Jun. 26
Apr. 3	Apr. 17	Jun. 28	Jul. 10
Apr. 18	Apr. 30	Jul. 12	Jul. 24

For rate indications see end of Share Information Service.

In exceptionally active trading, Calls were dealt in GRA, Premier Oil, Wimpey, Courtaulds, Burmah, Britannia Arrow, Evans of Leeds, Tesco, Trafalgar House, Brown Boveri Kent, City Offices, Alpine Holdings, Harris Queensway, Fairbairn Lawson, Lonrho, EMI, British Land, Town and City, Wallis Fashion, Rotork, Smith Brothers, Royco, Westland Aircraft, CLRP Warrants, Whitecroft, Plessey, Imps, Magnet Metals, Bank and Commercial, Burton Warrants, A. G. Stanley, Bambers, EMI, P & O, Federated Land and Building, Grand Met, Marlborough Properties, LRC, Keyser Ullmann, Marks and Spencer, Shell, GEC, Spillers Jardine Matheson, Cons. Plantations Warrants and George Bassett. No puts were reported, while doubles to be arranged included Premier Cons and Burmah.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
ICI	£1	27	406	+ 1	421	328
GEC	25p	22	420	+10	433	233
BP	£1	21	1,184	+38	1,184	720
Shell Transport	25p	17	774	+27	778	484
Barclays Bank	£1	16	470	+15	482	296
Beecham	25p	16	728	− 5	755	581
Boots	25p	15	227	+ 5	237	184
Grand Met.	50p	15	160	+ 6	163	87
Marks & Spencer	25p	15	117	+ 5	124	67½
Lucas Ind.	£1	14	285	−13	336	240
Bass	25p	13	216	+ 9	224	137
Unilever	25p	13	666	+22	680	476
GUS "A"	25p	12	418	+ 4	432	256
GKN	£1	12	269	− 7	298	226
Tricentrol	25p	12	206	+12	212	130

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡95	F.P.	—	194	150	††Appl. Computer	180		[illegible]	[illegible]	[illegible]	[illegible]
65	F.P.	[illegible]	175	68	Caledonian Hldgs.	171		[illegible]	[illegible]	[illegible]	[illegible]
‡‡	F.P.	[illegible]	170	118	Hunting Assoc. Defd.	170	+1	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	[illegible]	42	31	M. Y. Dart Defd.	42	+1	[illegible]	[illegible]	[illegible]	[illegible]
95‡	F.P.	[illegible]	122	97	Sedgwick F.New 10p	120		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Chepstow Race's 8% Cnv. Uns. Ln. 1988	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cleveland (County of) Var. Rate 1984	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grant (James) 10% Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ICFC 13¼% Uns. Ln. 1992	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley Water 8% Red. Pref. 1986	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lyles (S.) 11% Cum. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Southern Water 8% Red. Pref. 1984	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MPC 6¼% Conv. Uns. Ln. 1995-2000	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rowntree Mackintosh 10% Prf.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Shaw Carpets 10½% 2nd Cum. Prf. £1	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tricoville 10½% Cnv. Pf.	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
115	Nil	[illegible]	[illegible]	[illegible]	Brammer (H.)	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Buroo Dean	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cement-Roadstone	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Haslemere Estates	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hirst & Mallinson	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Johnson Matthey	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Macpherson (D.)	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Park Place Invs.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rank Org.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Redman Heenan	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sekers Intl	[illegible]	
315	F.P.	[illegible]	406	315	Taylor Woodrow	402	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Cum dividend. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., March 29, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Mar. 28 Index No.	Tues., Mar. 27 Index No.	Mon., Mar. 26 Index No.	Fri., Mar. 23 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	275.29	+0.6	14.80	4.90	9.17	273.52	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	256.21	+0.4	15.10	5.25	9.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	424.04	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (14)	668.52	+2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	410.62	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (75)	206.97	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	176.90	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS (DURABLE) (53)										
11	247.70	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	337.23	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	262.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (25)	127.04	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONSUMER GOODS (NON-DURABLE) (170)										
21	257.24	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	278.06	+2.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	352.29	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	347.09	+2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	233.57	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	305.79	+1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	449.61	+2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	153.02	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (40)	254.01	+2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	173.31	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	282.39	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	96.89	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	229.65	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (18)	282.91	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	283.91	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	153.70	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	448.48	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (58)	257.69	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (494)	262.34	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	676.21	+3.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	296.12	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (115)	209.21	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	256.62	+3.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	263.38	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	190.65	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	168.79	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	267.39	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	352.82	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	98.67	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	350.67	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	118.34	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	235.89	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	134.43	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	380.98	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	271.71	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Thurs., Mar. 29	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	107.50	+0.54	—	2.22
2 5-15 years	123.79	+1.56	—	1.58
3 Over 15 years	128.87	+1.85	—	3.17
4 Irredeemables	141.39	+2.05	—	0.89
5 All stocks	118.97	+1.28	—	2.41

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

		Thurs., Mar. 29	Wed., Mar. 28	Year ago (approx.)
1 Low Coupons	5 years	9.11	9.33	[illegible]
2	15 years	9.94	10.17	[illegible]
3	25 years	10.68	10.87	[illegible]
4 Medium Coupons	5 years	10.78	11.02	[illegible]
5	15 years	11.46	11.65	[illegible]
6	25 years	11.76	11.93	[illegible]
7 High Coupons	5 years	11.16	11.34	[illegible]
8	15 years	11.80	12.01	[illegible]
9	25 years	11.95	12.15	[illegible]
10 Irredeemables		10.47	[illegible]	[illegible]

	Thur. Mar. 29 Index No.	Yield %	Wed. Mar. 28	Tues. Mar. 27	Mon. Mar. 26	Fri. Mar. 23	Thur. Mar. 22	Wed. Mar. 21	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	58.44	†12.70	57.51	56.94	56.82	56.69	56.44	56.48	[illegible]
16 Investment Trust Prefs. (15)	51.64	13.56	51.12	51.03	51.00	50.60	50.16	50.16	[illegible]
17 Coml. and Indl. Prefs. (20)	72.00	12.94	71.47	71.40	71.31	71.31	71.18	71.19	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust

Javelin Equity Tst.	$A2.41	2.53	.....	—

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	163.0	174.0		—

As at Feb. 28. Next sub. day March 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$305.14	.....	2.50
Jardine J'pn.Fd.*	HK$390.80	...	0.90
Jardine S.E.A.	$US17.15	.....	2.10
Jardine Flem.Int.	HK$22.40	.....	—
Intl.Pac.Secs.(Inc.)	HK$13.33	...	—
Do. (Accum.)	HK$13.52	...	—

NAV March 14. *Equivalent US$80.41. Next sub. day March 30

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555

Cnv.Bd. Mar 28		$US9.66	+0.09	—
Eng Int. Mar. 28		$US22.48	+0.04	—
Gr. St. $Fd. Feb. 28		$US7.69		—
Merc. Ebd. March 28	10.57	10.68	+0.05	0.3228
MercMnyMkt Mar. 26	£10.58	10.59	..	—

Warburg Invest Mngt. Jrsy Ltd.
1, Charing Cross, St. Helier, Jsy CI 0534 73741

CMF Ltd. Feb. 22	$US13.60	13.95	..	2.90
CMT Ltd. Feb. 22	£13.90	14.26	..	2.80
Metals Tst. March 15	£14.90	15.27	..	5.46
TMT March 8	$US10.50	10.67	....	1.08
T.M.T. Ltd. Mar. 8	£10.93	11.21	....	2.97

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US17.07	+0.04	—

Wren Commodity Trust
10, St. George's St., Douglas, IoM 0624 25015

Wren Commod. Tst.	103.0	103.9	.	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ф. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

1978-79 High	Low	Stock	Price £	+ or —	Int.	Red.
[illegible]						
112	93½	Do. 12½pc 1983	104	+1	12.00	11.28
97¼	86	Glasgow 9¼pc '80-82	94	+¼	9.83	11.28
94	90¼	Herts. 5¼pc '78-80	94	+¼	5.58	10.91
102½	86	Liverpool 9¾pc '80-84	97½	+1	11.36	11.31
29¾	24¾	Do. 3½pc Irred.	29¾	+½	11.90	—
88	79	Lon.Co.6½pc '80-82	87¼	+½	7.46	11.21
99¼	83	Do. 9¼pc '84-85	91½xd	+1	10.10	11.07
92½	82½	L.C.C. 5½pc '77-81	89	+¼	6.18	10.65
87½	72	Do. 5½pc '82-84	84	+½	6.64	9.68
74½	62¼	Do. 5½pc '85-87	74½	+1	7.53	10.49
78	59¾	Do 6¾pc '88-90	72½	+1	9.48	11.34
26½	20½	Do. 3pc '20 Aft.	26	+¼	11.78	—
94¾	91	Middx. 5¼pc 1980	94¾	......	5.54	11.02
99¾	93	Newcastle 9¼pc '78-80	97	......	9.54	11.49
106¾	97¼	Warwick 12½% 1980	101½	......	12.31	11.40

COMMONWEALTH & AFRICAN LOANS

1978-79 High	Low	Stock	Price £	+ or —	Int.	Red.
97¼	92⅝	Aust. 5½pc '77-80	97¼	+¼	5.73	11.06
88¼	81¼	Do. 5½pc '81-82	85½xd	+¼	6.43	11.27
96½	92	N.Z. 6pc '76-80	95⅝	+⅛	6.29	11.32
87⅜	74½	Do. 7½pc '83-86	82½	+½	9.33	11.56
95½	84¼	Sth. Africa 9½pc '79-81	89xd	+½	10.53	14.16
70	43	Sth. Rhod. 2½pc '65-70	70	+6	—	—
105	75	Do. 6pc '78-81	105	+10	—	—

LOANS

Public Board and Ind.

1978-79 High	Low	Stock	Price £	+ or —	Int.	Red.
65	56	Agric. Mt. 5pc '59-89	65	+1	7.83	10.94
90½	75	Alcan 10½pc '89-94	88	+2	12.44	12.90
33¾	24½	Met. Wtr. 3pc 'B'	30½	+¼	9.88	11.66
154	107	U.S.M.C. 9pc 1982	124	......	7.44	—
95½	87	Do. without Warrants	93½	+1½	9.95	12.50

Financial

1978-79 High	Low	Stock	Price £	+ or —	Int.	Red.
107¼	98¼	FFI 13pc 1981	102¾	......	12.65	11.27
110	101½	Do. 14pc '79	106½	+1	14.03	—
114½	98	Do. 14pc '83	107½	......	13.02	11.86
86	77½	ICFC 5½pc Deb. '80-82	86xd	+1	6.39	10.40
82½	71½	Do. 6¼pc Db. '81-84	82½	+1	7.81	11.10
99	84½	Do. 10½pc Uns.Ln. '86	98½	+1	10.92	11.30
99¼	84½	Do. 11pc Uns.Ln. '88	97½	+1	11.58	11.80
101½	86	Do. 11¾pc Uns.Ln. '90	100	+1	12.08	12.20
71½	57	Do. 7¼pcADeb. '89-92	70	+1½	10.76	12.20
71½	53½	Do. 7¼pcA Db. '91-94	66½xd	+1	10.90	12.10
84½	64½	Do.9pc'A' '91-94	79xd	+2	11.39	12.00
81¼	62½	Do.8⅞pcLn. '92-97	75	+1½	12.07	12.60

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	......	—	—
41	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	13.10

BONDS & RAILS—Cont.

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
31	6	Chinese 4½pc 1898	31	......	—	—
35	4½	Do. 5pc 1912	31	......	—	—
20½	4½	Do. 5pc 1925 Boxer	16	......	—	—
430	350	German Yng. 4½pc.	430	......	4½	—
55	46	Greek 7pc Ass.	47	......	3½	17.68
53	46	Do 6pc 28 Stab. Ass.	46	......	6	16.59
45	40	Do 4pc Mixed Ass.	40	......	4	15.19
55	42	Hung. '24 Ass.	43	......	—	11.89
77	65	Iceland 6½pc '83-88	68	......	—	13.05
90½	78½	Ireland 7½pc '81-83	90½	+3	7½	11.59
91	68⅝	Do 9¾pc '91-96	82½	+3¼	9¾	12.51
425	265	Japan 4pc '10 Ass	315	−10	—	—
87	65	Do 6pc '83-88	67	......	6	12.10
160	135	Peru Ass. 3pc	140	......	3	2.18
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.53
DM91	DM81	Turin 6½pc 1984.	DM91	......	6½	8.45
97	94	Uruguay 3½pc.	97	......	3½	3.80

U.S. $ & DM prices exclude Inv. $ premium

AMERICANS

1978-79 High	Low	Stock	£	+ or —	Div. Gross	C'vr	Y'ld Gr's
21¾	13½	ASA	15⅝	−⅛	$1.00	—	3.3
60½	59	AMF 5% Conv. '87	59	......	5%	—	14.8
39¾	22	Amax $1	31⅞	−1	$2.20	—	3.5
50⅞	18⅞	American Express	18⅞	−⅛	$1.80	—	4.9
24½	11	Amer. Medic. Int.	16⅛	−1⅛	60c	—	18.8
15⅜	912p	Asarco Inc.	12⅜	−⅛	40c	—	1.7
29¾	17⅝	Baker Intnl. Corp. $1	23¾	−1⅛	44c	—	1.4
19¾	11⅞	Barnes Grp. $6⅔	14½	[illegible]	$1.0	—	3.5

[illegible]

S.E. List Premium 22½% (based on US$2.0537 per £)

CANADIANS

[illegible]

S.E. List Premium 22½% (based on $2.3886 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]								
£224¾	£134¾	Cred. France F75	£20	−2	Q9.87%	—	3.3	—
46	7	Dawes (G. R.)	16	......	—	—	—	—
£121¾	£85½	Deutsche Bank DM50	£85½	−5½	Q18%	—	2.8	—
90	58	F. C. Finance	88	−2	2.2	♦	3.8	♦
8¼	1¾	First Nat. 10p	7¾	+¼	—	—	—	0.5
3	½	Do. Wrrts. 75-83	3	+¼	—	—	—	—
16¾	9½	Fraser Ans. 10p	16¾	+¼	—	—	—	—
235	157	Gerrard Natnl.	235	+2	g9.12	—	5.8	—
62	37	Gibbs (A.)	53	+1	2.23	—	6.3	—
255	195	Gillett Bros. £1.	255	+3	16.95	—	9.9	—
29	19	Goode D't Mry.5p	26	+½	0.25	—	1.4	—
146	96	Grindlays	145	−1	3.07	7.5	3.2	4.5
130	93	Guinness Peat	116	+2	H5.67	—	7.3	—
260	155	Hambros	256	+6	†9.76	—	5.7	—
106	78	Hill Samuel	106	......	†4.97	—	7.0	—
600	40	Do. Warrants	240	+25	—	—	—	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

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[illegible]

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[illegible]

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[illegible]

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CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex	12	......	—	—	—
171	64	Bougainville 50 Toea	132	−2	Q15c	1.0	7.0
140	63	BH South 50c	97	−10	—	—	—
820	150	Central Pacific	450	−25	—	—	—
336	148	Conzinc Riotinto 50c.	250	−5	¶Q10c	ϕ	2.4
36	19	Cultus Pacific N.L.	31	......	—	—	—
27	9½	Endeavour 20c	15½	−1½	—	—	—
98	45	G.M. Kalgoorlie $1	77	......	—	—	—
68	18	Haoma Gold N.L.	32	−1	—	—	—
170	81	Hamptn Areas 5p.	166	+1	ϕ3.55	2.0	3.2
56	10	Metals Ex. 50c	52	−4	—	—	—
275	125	M.I.M. Hldgs. 50c	208	−19	†Q9c	1.7	2.5
22	10	Minefields Expl.	15	......	—	—	—
74	10	Mount Lyell 25c	60	......	—	—	—
43¾	11¾	Newmetal 20c	20	......	—	—	—
143	79	North B. Hill50c	104	−8	Q8c	1.3	4.4
22	8½	Nth. Kalgurli	15	−2	—	—	—
50	12	Nth. West Mining	30	−2	—	—	—
178	94	Oakbridge SA1	94	−9	Q12c	1.9	7.4
42	10	Oilmin N. L.	27	−1	—	—	—
121	30	Pacific Copper	93	−3	—	—	—
£15½	725	Pancont'l 25c	825	−50	—	—	—
40	12	Paringa M&Ex 5p	21	...	—	—	—
570	310	Peko-Wallsend 50c.	368	−22	Q15c	3.3	2.3
300	50	Southern Pacific	170	−15	—	—	—
188	84	Westn. Mining 50c.	162xd	−4	†Q3c	0.7	1.0
11	7	Westmex	11	...	—	—	—
100	35	Whim Creek 20c	55	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29xd	...	2.81	1.3	14.4
435	240	Ayer Hitam $M1	330xd	−20	Q300c	0.5	19.5
72	45	Beralt Tin	72	...	4.0	ϕ	8.3
305	190	Berjuntai $M1	200	−15	†Q110c	1.0	13.3
185	111	Geevor	160	...	H5.57	5.8	5.2
11	8	Gold & Base 12½p	8½	...	—	—	—
350	220	Gopeng Cons.	345	+5	18.0	1.4	7.8
355	130	Hongkong	355	...	12.5	2.8	5.3
93	64	Idris 10p	70	...	‡12.0	1.6	‡
12	7	Jantar 12½p	12	...	—	—	—
84	63	Kamunting $M0.50	76	−1	†Q12.5c	2.1	5.5
340	133	Killinghall $M1	310	−20	—	—	—
470	280	Malay Dredging $M1	390xd	−20	†175c	0.7	9.6
78	40	ΔPahang	43	−1	—	—	—
85	50	Pengkalen 10p	80	...	4.5	1.2	8.4
270	165	Petaling $M1	215	−20	Q120c	1.3	12.0
87	49	Saint Piran	82	+2	†2.03	6.5	3.7
70	47	South Crofty 10p	57	+1	†4.19	2.0	11.0
245	140	South Kinta $M0.50	185	−5	†Q145c	0.6	16.8
410	230	Sthn Malayan $M1	345xd	−15	†Q190c	1.0	11.8
285	134	Sungei Besi $M1	265	−10	mQ65c	5.3	5.3
85	52	Supreme Corp. $M1	52	−3	Z010c	—	4.1
105	84	Tanjong 15p	98	−2	6.60	0.8	10.0
270	148	Tronoh $M1	250	−5	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	94	−4	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	67	−3	—	—	—
17	9	Burma Mines 17½p	11	...	—	—	—
345	165	Cons. Murch. 10c.	265	−10	—	—	—
465	245	Northgate C$1	370	−5	—	—	—
322	164	R.T.Z.	312	−5	9.5	2.8	4.5
90	30	Sabina Inds. C$1	47	......	—	—	—
£12	687	Tara Expln. $1	725	−50	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$13½	−⅛	Q190c	ϕ	16.2
$11⅜	830c	East Drie R1	$11⅝	......	Q115c	1.6	11.6
585c	330c	East Rand Prp. R1	465c	−5	Q10c	—	2.6
$28¾	$16½	F.S. Geduld 50c	$23¼	+½	Q515c	2.4	15.7
$15⅝	975c	Pres. Brand 50c	$13⅞	......	Q150c	3.2	12.4
$14½	900c	St. Helena R1	$14¼xd	......	Q140c	1.4	15.4
595c	313c	Stilfontein 50c	590c	−5	Q66c	ϕ	12.9
$24¼	$16¼	Vaal Reefs 50c	$24¼	......	Q290c	2.7	13.2
$37	$25	West Drie R1	$35	−⅛	†Q305c	1.7	12.7
$31¼	$19	West Hldgs. 50c	$28¾	......	Q415c	1.4	16.6
$13	895c	Western Deep R2	$12¾	......	Q147½c	2.1	13.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- Ⅱ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 44

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26½	......
Ash Spinning	107	......
Bertam	26	−2
Edg'wtr. Est. 50p	360	......
Clover Croft	28	......
Craig & Rose £1	970	......
Dyson (R. A.) A	35	......
Ellis & McHdy	69	......
Evered	27	......
Fife Forge	54	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	165	+10
Higsons Brew	84	+1
Holt (Jos) 25p	269	
I.O.M. Stm. £1	174xc	+2
Pearce (C. H.)	203	......
Peel Mills	29	......
Sheff. Refrshmt	78	......
Sindall (Wm.)	120	......

IRISH

Conv. 9% '80.82	£91⅝	+¼
Alliance Gas	110	......
Arnott	390	......
Carroll (P.J.)	112	......
Clondalkin	94	......
Concrete Prods.	93	......
Heiton (Hldgs.)	60	+3
Ins. Corp.	220	......
Irish Ropes	105	......
Jacob	36	+1
T.M.G.	265	−10
Unidare	85	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	6
B.S.R.	8
Babcock	14
Barclays Bank	32
Beecham	52
Blue Circle	18
Boots	18
Bowaters	18
B.A.T.	23
Brown (J.)	50
Burton 'A'	22
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	21
Dunlop	6½
Eagle Star	10
E.M.I.	14
Gen. Accident	21
Gen. Electric	32
Glaxo	50
Grand Met	12
G.U.S. 'A'	30
Guardian	24
G.K.N.	24
Hawker Sidd	22
House of Fraser	15
I.C.I.	20
"Imps"	9
I.C.L.	40
Inveresk	7
KCA	4
Ladbroke	18
Legal & Gen.	14
Lex Service	9
Lloyds Bank	25
"Lofs"	5
London Brick	7
Lonrho	9
Lucas Inds.	25
"Mams"	12
Mrks. & Spncr	9
Midland Bank	30
N.E.I.	14
Nat. West. Bank	28
Do. Warrants	15
P & O Dfd.	8
Plessey	10
R.H.M.	5
Rank Org.	25
Reed Intnl	16
Spillers	5½
Tesco	6
Thorn	22
Trust Houses	27
Tube Invest.	30
Unilever	55
U.D.T.	4
Utd. Drapery	10
Vickers	17
Woolworths	6½

Property

Brit. Land	5
Cap. Counties	7
E.P.	3½
Intreuropean	5
Land Secs.	20
MEPC	15
Peachey	13
Samuel Props.	14
Town & City	2

Oils

Brit. Petroleum	70
Burmah Oil	11
Charterhall	3½
Shell	45
Ultramar	24

Mines

Charter Cons.	16
Cons. Gold	17
Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday March 30 1979

EEC expects 10% farm support rise

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

EEC SPENDING on farm support will rise by about 10 per cent, even if a total freeze on common farm prices is agreed at this year's price fixing, according to the latest calculations by the European Commission.

Last year the Common Agricultural Policy cost 9.2bn units of account (about £5.8bn), absorbing almost three-quarters of the total EEC budget.

The continued rise in CAP costs would largely result from the *fact that farmers would* probably respond to a freeze by stepping up the production of many commodities already in surplus. These would have to be added to existing EEC stockpiles through automatic intervention.

This was announced yesterday by Mr. Christopher Tugendhat, the Budget Commissioner. He said that EEC farm support spending could be stabilised or reduced this year only through major price cuts which would stand little chance of winning *approval in the Council of Ministers.*

He also revealed with embarrassment that official figures distributed by the Commission on Wednesday, following reports in the Press, had miscalculated the relative contributions and receipts of member states under last year's EEC budget.

These figures differed from those published in Tuesday's Financial Times in that they showed Britain to be the biggest net contributor to the EEC budget even if monetary compensatory amounts (MCAs), used to cushion farm trade against exchange rate shifts, were treated entirely as a subsidy to UK food imports.

Mr. Tugendhat said that he had since learned that these official figures were incorrect, though he declined to publish revisions immediately. But it is understood that in the revised version, the UK emerges as the biggest net contributor only if *MCA are attributed entirely to* food exporting countries, as was the case with the tables published by the Financial Times, based on internal Commission working documents.

Mr. Tugendhat promised that the Commission would *announce the definitive* calculations shortly. The Commission is insisting that it does not intend to hold up publication of the definitive version deliberately until the end of the UK General Election campaign in which EEC costs will be an issue.

The Council of Ministers is due next week to discuss a Commission Green Paper calling for adjustment to the pattern of contributions to ensure that less-prosperous EEC members do not pay more towards the budget than rich countries.

The Commission believes that a move in this direction should be taken in the early 1980s, when EEC *governments* will have to decide whether to increase resources available to the Community budget by lifting the ceiling on the Value Added Tax revenues which they make over to Brussels.

At present, this ceiling is set at 1 per cent of national VAT assessments and is expected to be breached within the next three years.

Mr. Tugendhat expected pressure on the budget resources to increase substantially after Greece, Portugal and Spain entered the EEC. It was "inconceivable" that all three countries would not be net recipients from the budget during their early years of membership, he said.

Civil servants will be given new offer before poll campaign

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT will today put a substantially improved pay offer to leaders of 600,000 civil servants in an attempt to end the national industrial dispute before the General Election campaign gets under way.

The Cabinet decided yesterday, as expected, to improve the seven per cent offer tabled on Monday which led to union leaders walking out of the pay talks and to a majority of the eight unions deciding to join a one-day strike over pay on Monday.

The Prime Minister told the Commons that the Government was ready to make a further offer "more in accordance with what we think is appropriate, although I think it will be far less than the unions are demanding."

Mr. Callaghan admitted that the initial offer was unacceptable to the unions because it was far below their evaluation of *the* findings *of the* Pay Research Unit comparability studies. The unions estimate that their members are due for rises averaging between 26 and 36 per cent.

Today's offer is likely to be in line with a pay package put forward *by* Civil Service Department officials but rejected by the Cabinet last week. This was before the outcome of the vote of confidence and the strength of the reaction to the 7 per cent offer were known.

The package suggested immediate increases of just below 10 per cent in line with the general level of public sector settlements, with the rest of the payments based on the pay unit findings to be paid in two further stages.

An attempt was made to set up a meeting between Ministers and union leaders last night. Unions interpreted the Government's urgency as an effort to resolve an embarrassing confrontation before the election campaign.

The decision of the First Division Association, which represents 10,000 senior civil servants, some up to the level of Under-Secretary, to advise its members to join Monday's strike is thought to have brought home to the Government the resentment over the initial pay offer.

A quick response was further made necessary by a decision yesterday by the Prison Officers' Association to instruct its 20,000 members to start a partial overtime ban from Sunday. Unofficial action, regarded as less effective than that in November, has already caused severe disruption in many prisons.

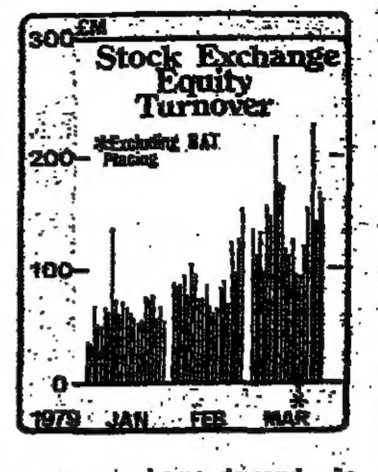
THE LEX COLUMN

Second thoughts in equities

Once again the FT 30-Share Index failed yesterday to go through its all-time closing high, though the All-Share Index cruised happily enough to a new peak. Lucas—a constituent of the 30-Share Index—provided an early reminder of the industrial uncertainties that are being glossed over during the current stock market spree. The initial markups were soon overtaken by profit taking, but the Index *has still* put on around 60 points in a month, and it is apparent that the major fund managers cannot afford to risk being underinvested in the equity market during a period which stretches past the election and extends up to the first Budget of the new Administration. If that is not Conservative, all bets are off.

The City is dreaming euphorically of a Budget which cuts direct taxes, trims the PSBR and pares down the monetary targets another notch. While equities faltered, gilt-edged held on to most of their peak gains yesterday—with longs up a net two points—and sterling moved yet higher. Even in the hard-pressed investment currency market, threatened by a Tory axe, enough contrary thinkers have emerged to generate a massive two-way trade and the effective rate held at around 23 per cent.

Index rose 2.5 to 540.8



Lucas Industries

Although motor component companies like Associated Engineering have made no secret of their grim winter trading, the results from Lucas Industries for the six months to January still come as an unpleasant surprise. Profits total £24.1m pre-tax, down from £27.6m a year ago—when a damaging tool room strike knocked the figure back by some £12½m.

In the latest period, production schedules have been thrown into disarray right across the group's UK operations by strikes *at* Ford, BL and *among* the transport drivers. Passenger car output in the UK fell by a fifth during the six months, and tractor output was a third lower—with very serious consequences for Lucas' diesel fuel injection equipment. Export sales of this equipment for passenger cars are now progressing smoothly, but are not yet big enough to cushion such a decline from this most important source of UK demand.

Lucas says that original equipment sales have picked up noticeably since early February, a trend which is confirmed by Associated Engineering. But although business activity is now roughly back to where it was 12 months ago, there are few signs of any marked upsurge in home demand. In the other UK businesses, industrial products are doing well but the aircraft equipment side still has production problems.

There is a much brighter story from the overseas companies, which produced a third of last year's trading surplus and have shown a 28 per cent gain so far in 1978-79. Direct exports and sales on the Continent are both up by over a fifth.

Overall, though, profits in the current half may not be much changed on a year ago, which would imply something around £70m pre-tax for the year. The shares have come to terms with this dull short-term prospect; yesterday's 13p fall to 285p leaves them 15 per cent below last summer's high point, and with a prospective yield of just under 5¼ per cent.

BICC

Against an unpromising industrial background BICC has achieved its forecast profits improvement, with the pre-tax figure rising by a fifth to £56.6m. Yet the group's overall volume was unchanged during 1978 and UK exports were noticeably weaker, especially in the second half. The strongest growth has been seen in the international division, which now contributes 52 per cent of group pre-tax profits, and has achieved solid growth in the Middle East and in countries like Australia and Portugal (though Canada had a bad time). A good advance is also reported by Balfour Beatty, which has started taking in profits on its big harbour scheme in Dubai, and has just signed a £95m power distribution contract for Hong Kong.

Elsewhere, however, the apparent growth in the industrial products division has mostly only reflected the acquisitions of Dorman Smith and Cohen Brothers, which chipped in around £3.6m extra before finance charges. Meanwhile the cables side has had a poor year, with volume down 5 per cent and profits some £1.8m lower after a provision of more than £3m on a Post Office refund. Demand in the UK has generally been sluggish, and a slump in enamelled wire (used for motor coils) has led to the closure of the Kirkby factory.

So far this year orders are up in all divisions, and in the absence of the PO provisions and the Kirkby losses there must be scope for a further improvement in overall profits to comfortably over £60m pre-tax this year. Still, the unexciting long term growth prospects in cables are bound to dictate a cautious rating: at 141p the yield is 8.5 per cent.

House of Fraser

Bad weather and industrial troubles in January probably knocked £1½m pre-tax off House of Fraser's final quarter. Even allowing for this, a 12 per cent rise in trading profits on the back of an 18 per cent growth in sales in what is traditionally the group's strongest quarter does not look particularly impressive. Last night the shares closed 4p lower at 171p where they yield 4.6 per cent.

For the full year pre-tax profits are £5.6m higher at £40.5m but this includes an extra £0.9m surplus on property sales. Strip this out and profits (admittedly hit by the effect of a new profit sharing scheme) are only up by 14 per cent. Given that the group increased its selling space by 2.3 per cent and volume was up by 8 per cent or so, House of Fraser's performance does not look spectacular. Clearly, margins were under pressure, despite the consumer spending boom.

Of course, House of Fraser is more dependant on tourist spending than most, and the fortunes of Harrods loom large in the group's total performance. With no Jubilee to boost tourist revenues the London stores (perhaps accounting for half group sales) posted a drop in profits last year, and it was up to the provincial stores to make the running.

Assuming that consumer spending stays reasonably buoyant House of Fraser should be able to push its profits above £45m in the current year. However, the main interest in the shares at the moment surrounds Lonrho's intentions. (It owns a fifth of the equity but its market capitalisation of £178m is overshadowed by House of Fraser's £311m.

Europe Court ruling hits move against Japanese dumping

BY *GILES MERRITT* IN BRUSSELS

THE EUROPEAN Commission last night was still studying the implications of a European Court of Justice ruling yesterday in favour of five Japanese bearing companies that contested an EEC anti-dumping levy.

The Community's power to resort to similar anti-dumping procedures as part of its threatened curbs on imports from Japan may be limited as a *result of the European Court's* decision.

It has ruled that the EEC Council of Ministers was wrong to impose an estimated £2.5m in levies, even though they were subsequently suspended, when the Japanese companies had already agreed to raise their prices by 20 per cent.

The complex test case, involving five manufacturers, Koyo Seiko; ISO; Nachi Fuji Koshi; NTN Toyo; and Nippon Seiko, with 11 of their European subsidiaries, dates from the first half of 1977.

After a dumping complaint by the Federation of European Bearing Manufacturers' Associations in Frankfurt, anti-dumping levies were imposed on about £25m worth of Japanese bearings.

Commission officials said the persistence of the Japanese dumping at that time prompted the unusual combined use of levies and insistence that the companies undertake to raise their prices.

That dual approach is now ruled out by the court's judgment.

Commission legal experts, who will issue a statement today *on the outcome of the case*, are thought to believe that while the ruling does not diminish the Commission's formal anti-dumping powers, it does not permit them to be strengthened by further use of two combined procedures.

Hazel Duffy writes: The bearing manufacturers' federation stressed yesterday that the court's decision related to the procedures by the Council of Ministers, on the recommendation of the Commission, and not to the issue of dumping itself.

In a statement in Frankfurt it said it was again asking the Commission for "an immediate opening of the anti-dumping procedure and the introduction of a new substantial anti-dumping duty."

The federation, representing EEC and other West European bearing manufacturers' claims that the dumping margin on Japanese roller bearings coming into the EEC last year averaged *more* than 35 per cent.

Japan implemented "only nominal price increases in spite of the appreciation of the yen against major European currencies, and price increases on the Japanese domestic market and in other world markets."

A Central Gilts Office to be considered

BY CHRISTINE MOIR

THE ESTABLISHMENT of a Central Gilts Office, which could handle the bulk of transactions in Government stocks by computer is to be investigated by the Bank of England and the Stock Exchange.

A joint committee, set up in August 1977, has just published a final report proposing that the existing long-hand method of dealing with sales and purchases be replaced by a book entry system.

Launching the report, Mr. George Burnet, chairman of the joint committee, said that there was a *real possibility* that the existing system could break down.

In the past three years the growth in the Government's borrowing requirements had stretched the market to the limit. Average value of gilt-edged bargains per quarter had risen from £15.5bn in 1975 to over £33bn in 1977.

In addition the bunching of transactions round short but steep peaks had intensified.

The committee believes that the cost of developing such a system—which would involve a computer being installed at the proposed gilts office and modification of the Bank's existing gilts computer—*would be about* £1.7m.

This compares with the £15½m development costs of Talisman, the Stock Exchange's new system for equity settlements.

The system envisaged for gilts is much simpler than Talisman. The gilts office would simply keep the accounts of each member and pass details of transactions to the Bank as registrar.

The commitee says the existing system works only because *of the flexibility extended by* the clearing banks with the Bank of England's permission.

News analysis, Page 8

Reactor releases more vapour

BY DAVID BUCHAN IN WASHINGTON

THE Three Mile Island reactor in Pennsylvania, where eight plant workers have been exposed to radiation in one of the worst nuclear accidents in the U.S. in recent years, was still letting radioactive vapour off into the air yesterday.

The magnitude of the incident, originally caused by the failure of a water cooling pump in the early hours of Wednesday, was later compounded by human error when the emergency cooling system was mistakenly turned off for a time. During that period, the recator's uranium fuel rods began to break under the heat. They did not melt.

By yesterday the possibility of any explosion inside the reactor had receded. Metropolitan Edison, the company that operates the plant, said yesterday morning that the temperature inside the reactor had cooled to 285 degrees fahrenheit. The pressure had fallen to 900 pounds per square inch, and both were dropping.

The Nuclear Regulatory Commission said yesterday that radiation levels inside the reactor were still very high. But because no-one has yet stepped inside the reactor, Metropolitan Edison also claimed yesterday that human exposure to radiation was "within accepted limits. Eight of their workers, however, are understood to have been exposed to about one-fifth of their normal annual radiation exposure, in the hours since the original incident.

Pennsylvania State officials have exposed concern about the safety of the 13,000 or so people living within three or four miles of the plant. No-one has been evacuated though, and the radiation levels recorded in Harrisburg, the State capital, about 10 miles from the nuclear plant, are said to show only a slight increase.

The Three Mile Island reactor was built by Babcock and Wilcox, a U.S. company owned by J. Ray McDermott and has no connection with the British company of the same name. A. J. Ray McDermott spokesman said yesterday it was too early to judge wether any of the equipment supplied by his company's subsidiary had been the cause of the original fault.

Metropolitan Edison, sole operator and part owner of the plant along with a New Jersey company, said any liability to people, animals or property surrounding the plans was covered by insurance.

The reactor will be shut down for some time pending investigations by the commission and State officials. Another reactor at the Three Mile Island plant had closed earlier for refuelling, and the loss of the second reactor means that Metropolitan Edison will have to spend an estimated $500,000 (£243,000) a day buying electricity from other suppliers.

There has been no case in the U.S. so far of a reactor fuel core melting down or of a major release of radioactivity. But two accidents, in Michigan in 1966 and Alabama in 1975, led to considerable problems in shutting reactors down.

Bank urges pension funds to disclose accounts

BY NICHOLAS COLCHESTER

THE BANK of England comes out strongly in favour of publication of the full annual accounts of pension funds in a written contribution to the latest volumes of oral and written evidence published by the Wilson Committee. The new evidence on the functioning of British financial institutions includes that from the Department of Trade, the Stock Exchange, the Treasury and the Bank.

This "second stage" evidence strengthens the impression that the investing power of institutions, and pension funds in particular, will be a major theme in the committee's final report, due later this year.

The Bank argues that full disclosure by pension funds is necessary because their resources are now so large that their actions are of "legitimate public interest." It adds that "regular exposure of funds to scrutiny in the financial press by professional analysts would stimulate efficent management and help reduce the risk of undesirable practice."

This proposal, which backs a line taken strongly by the Stock Exchange in its written second stage evidence, also receives some support from the Department of Trade.

Mr. Nicholas Goodison, chairman of the Stock Exchange, hinted in his evidence that if the number of jobbing firms on the Exchange continued to decline it would take steps to change the dealing system.

If competition between jobbing firms was inadequate, the Exchange might have to go over to a system where the market-making and broking functions of a securities house were kept separate

Details, Page 10

Weather

UK TODAY

SCATTERED WINTRY showers in the north and west with sunny intervals. Cloudy with more persistent showers in the east. Max. 8C (46F).

London, E., S.E. England
Mostly cloudy. Occasional rain.

N., N.E., Cent. S. England, Midlands
Mostly cloudy with scattered showers and bright intervals.

Channel Isles, W. England, Wales, Ulster, N.W. Scotland, Shetland
Scattered wintry showers. Bright periods.

Rest of Scotland, Isle of Man
Mostly cloudy. Some wintry showers and bright intervals.

● **Outlook:** Mostly dry with sunny intervals at first. Rain spreading west.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	Lisbon	F	13	55
Algiers	C	12	54	Locarno	F	12	54
Amsdm.	F	7	45	London	R	4	39
Athens	S	21	70	Luxmbg.	C	2	36
Bahrain	S	23	73	Luxor	S	33	91
Barclna.	S	15	59	Madrid	F	10	50
Beirut	C	18	64	Majorca	F	13	55
Belfast	R	4	39	Malaga	S	14	57
Belgrd.	C	12	54	Malta	F	17	63
Berlin	R	6	43	Mchstr.	C	6	43
Biarritz	F	8	46	Melbne.	C	24	75
Bmghm.	R	4	39	Milan	F	13	55
Blackp'l	C	7	45	M'ntreal	C	5	41
Bordx.	F	8	46	Moscow	S	3	37
Boulgn.	C	4	39	Munich	Sl	1	34
Bristol	C	5	41	Nairobi	S	24	75
Brussels	C	6	43	Naples	C	13	55
Budpst.	R	11	52	Nwcstl.	C	6	43
B. Aires	S	25	78	N. York	C	11	52
Cairo	S	28	82	Nice	S	14	57
Cardiff	R	5	41	Oporto	F	11	52
Cas'b'ca	C	15	59	Oslo	C	3	37
Cape T.	C	19	66	Paris	R	6	43
Chicago	R	4	40	Perth	C	19	66
Cologne	F	8	46	Prague	R	7	45
Cophgn.	C	4	39	Reykjvk.	Sl	1	34
Corfu	C	15	59	Rhodes	F	20	68
Dublin	R	5	41	Rio J'o	C	27	80
Dbrvnk.	F	14	57	Rome	R	10	50
Ednbgh.	R	5	41	Salzb'rg	R	4	39
Faro	F	15	59	Singapr.	S	29	84
Florence	F	11	52	Stckhm.	R	4	39
Frankf't	C	7	45	Sydney	R	21	70
Funchal	C	16	61	Tangier	F	13	55
Genova	C	3	37	Tehran	S	18	64
Gibrltr.	S	15	59	Tel Aviv	F	20	68
Glasgow	C	6	43	Tenerife	F	13	55
G'msey	R	5	41	Tokyo	S	19	66
Helsinki	S	5	41	Toronto	C	12	54
H. Kong	C	25	78	Tunis	C	17	63
Innsbrk.	R	2	36	Valencia	S	16	61
Invrnss.	Sl	3	37	Venice	F	11	52
Istanbul	F	19	66	Vienna	R	5	41
Jersey	C	5	41	Warsaw	C	8	46
Jo'burg	S	24	75	Zurich	Sn	1	34
L. Plms.	C	19	66				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Election will be on May 3

there will be for Mrs. Thatcher to make an error. Efforts will be concentrated by Labour in 50 to 60 Tory and Labour-held marginals.

But Mrs. Thatcher and her aides were unperturbed by the prospect of a long campaign, and argued that it would give more time to project the Tory leader as an alternative Prime Minister, and to expose the Government's vulnerable record, *particularly on the economy.*

The "Clause Six" meeting between the Cabinet and the National Executive Committee when the Labour manifesto will be completed, is expected next week. The Tory manifesto, discussed by the Shadow Cabinet yesterday, will be published in about 10 days.

Although Conservative tacticians seemed supremely confident of victory the more cautious professionals were pointing out the scale of the effort *that was needed. Even a* 4 per cent swing—high by recent election standards—would only give a narrow overall majority, and to get a comfortable majority of 30 seats to see them through a full Parliament would require a swing nearer to 6 per cent.

Mr. Callaghan's theme in his TV broadcast was that the return of a Labour government was essential if there was to be increasing economic prosperity, and a sharp reversal of policy could do nothing but damage.

*He pledged a Labour govern*ment would solve the nation's problems during the next Parliament, particularly the two vital issues of prices and unemployment.

The "ambitious objective" he set was to cut the inflation rate to less than 5 per cent in the next three years. The Government had "more than halved" inflation in three years and could do it again.

The Prime Minister placed further emphasis on Labour's Common Market card when he gave an assurance that a Labour government would make progress "in ending some of the foolish aspects" of the Common Agricultural Policy.

He said that what the country had to avoid above all was the sudden reversal of policy and this was what an incoming Tory government would mean.

Instead, he believed that co-operation and partnership and not confrontation would serve the country best. "The question you will have to consider is whether we risk tearing everything up by the roots."

The short Bill to enable the General Election to take place on May 3 will mean using the same polling stations and ballot boxes in both general and local elections.

To avoid confusion local election ballot papers will be coloured and have distinctive markings. Because of the need to sort the different papers announcement of the results in many General Election seats could be delayed by up to an hour.

Continued from Page 1

Short Finance Bill

The short Bill will replace the full Budget which the Chancellor was due to present on Tuesday before the Government was defeated on Wednesday night.

The measure is designed as a standstill operation, with a neutral effect on the economy. It will leave the incoming Chancellor with all his options open. The consolidated Fund Bill is also due to be debated on Tuesday, and the annual White Paper on cash limits will be published the same day.

There will be no financial statement as such, although the Chancellor might take the opportunity to tell the electorate what they have missed through the *absence of his* planned Budget package.

The Chancellor and Mr. Joel Barnett, Chief Secretary to the Treasury, had a series of meetings with their opposite numbers on the Tory front bench to discuss the contents of the "care and maintenance budget"

Agreement seems to have been reached in principle about the objectives of next week's Finance Bill though some Labour left wingers may object to what they will probably interpret as the postponement of an already agreed tax cut.

Both the Government and the Tories were in agreement that some legislation was necessary merely to allow the collection of taxes after the present powers expire on May 5 but the issue was clouded by the Rooker-Wise amendment to the 1977 Finance Act which indexes personal tax allowances to the level of inflation. At present the changes in tax allowances involved are estimated to be worth around £30 a year for a single person and £45 for a married couple.

Speaking on BBC radio yesterday Sir Geoffrey Howe, the shadow Chancellor, said the Conservatives supported the principle of increasing tax allowances in line with inflation.

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